

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
AUGUST 31, 2023**



**ELGIN INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2023

TABLE OF CONTENTS

<b><u>Exhibit</u></b>		<b><u>Page</u></b>
<b>Introductory Section</b>		
	Certificate of Board .....	1
<b>Financial Section</b>		
	Independent Auditor’s Report .....	2
	Management’s Discussion and Analysis .....	5
<b>Basic Financial Statements:</b>		
Government-wide Statements:		
A-1	Statement of Net Position .....	12
B-1	Statement of Activities .....	13
Governmental Fund Financial Statements:		
C-1	Balance Sheet .....	15
C-2	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
C-3	Statement of Revenues, Expenditures and Changes in Fund Balance .....	18
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	20
Fiduciary Fund Financial Statements:		
E-1	Statement of Fiduciary Net Position.....	21
E-2	Statement of Changes in Fiduciary Net Position .....	22
	Notes to the Financial Statements.....	23
<b>Required Supplementary Information</b>		
G-1	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.....	50
G-2	Schedule of the District’s Proportionate Share of the Net Pension Liability - Teacher Retirement System.....	51
G-3	Schedule of the District’s Contributions - Teacher Retirement System .....	53
G-4	Schedule of the District’s Proportionate Share of the Net OPEB Liability - Teacher Retirement System.....	55
G-5	Schedule of the District’s OPEB Contributions – Teacher Retirement System .....	57

Notes to Required Supplementary Information .....	59
<b>Combining Statements</b>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet .....	60
H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	66
<b>Required TEA Schedules</b>	
J-1 Schedule of Delinquent Taxes Receivable.....	72
J-2 Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – National Lunch and Breakfast Program .....	74
J-3 Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Fund.....	75
J-4 Use of Funds Report – Select State Allotment Programs.....	76
<b>Compliance Section</b>	
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 <i>Government Auditing Standards</i> .....	77
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance .....	79
K-1 Schedule of Expenditures of Federal Awards.....	82
Notes to Schedule of Expenditures of Federal Awards .....	84
Schedule of Findings and Questioned Costs .....	85
Summary Schedule of Prior Audit Findings .....	86

CERTIFICATE OF BOARD

Elgin Independent School District  
Name of School District

Bastrop  
County

011-902  
Co.-Dist.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 August 31, 2023, at a meeting of the Board of Trustees of such school district on the 11<sup>th</sup> day of December, 2023.

  
Signature of Board Secretary

  
Signature of Board President

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

**THIS PAGE LEFT BLANK INTENTIONALLY**

## **FINANCIAL SECTION**

**THIS PAGE LEFT BLANK INTENTIONALLY**

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Elgin Independent School District  
Elgin, Texas

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elgin Independent School District (the "District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Elgin Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Elgin Independent School District, as of August 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Elgin 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 audit opinions.

#### **Emphasis of Matter - Change of Accounting Principle**

As discussed in the notes to the financial statements, in the year ending August 31, 2023, Elgin Independent School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based IT*. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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 Elgin 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.

### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Elgin 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 Elgin 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Elgin Independent School District’s basic financial statements. The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 statements, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023 on our consideration of Elgin 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 Elgin 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 Elgin Independent School District’s internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
December 11, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Elgin Independent School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2023. Please read it in conjunction with the District's financial statements which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's net position at August 31, 2023 was \$45,035,268.
- The fund balance for the General Fund at August 31, 2023 was \$31,573,146, an increase of \$7,214,904 from the prior year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three parts: 1.) government-wide financial statements, 2.) fund financial statements, and 3.) notes to the basic financial statements. This report also contains required supplementary information and other financial information in addition to the basic financial statements themselves.

### Reporting the District as a Whole

#### *The Statement of Net Position and the Statement of Activities*

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as uncollected property taxes.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes, intergovernmental revenues, and user fees and charges (governmental activities). The governmental activities of the District include the education of District students and the programs necessary to support such education.

### Reporting the District's Most Significant Funds

#### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains numerous governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund as they are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget. Supplementary budgetary comparison statements have also been prepared for the Food Service and Debt Service Funds and are included in the Combining and Individual Fund Statements section of this report.

**Fiduciary funds**—The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to Basic Financial Statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**—The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to basic financial statements. Certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District's contributions to a cost-sharing pension and OPEB plans with the Teacher Retirement System of Texas.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This two-year comparison provides an indication of the District's financial wellbeing. Increases and decreases in net position may serve over time as a useful indicator of a government's financial position. At August 31, 2023, the District's combined assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$45,035,268, which is an increase of \$21,064,743 from the prior year combined net position of approximately \$23,970,525.

Net position at August 31, 2023 as compared to August 31, 2022, can be presented as follows:

**ELGIN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION**

	Governmental Activities	
	2023	2022
Assets:		
Current and other assets	\$ 209,895,915	\$ 213,326,833
Capital assets	<u>98,361,438</u>	<u>68,030,695</u>
Total assets	<u>308,257,353</u>	<u>281,357,528</u>
Deferred Outflows of Resources:		
Deferred charges on bond refunding	412,263	689,768
Teach Retirement System	<u>14,973,927</u>	<u>8,328,875</u>
Total deferred outflows of resources	<u>15,386,190</u>	<u>9,018,643</u>
Liabilities:		
Long-term liabilities	246,056,928	242,034,328
Other liabilities	<u>14,829,610</u>	<u>5,183,818</u>
Total liabilities	<u>260,886,538</u>	<u>247,218,146</u>
Deferred Inflows of Resources:		
Deferred charges on bond refunding	368,923	690,927
Related to leases	2,666	4,121
Teacher Retirement System	<u>17,350,148</u>	<u>18,492,452</u>
Total deferred inflows of resources	<u>17,721,737</u>	<u>19,187,500</u>
Net position:		
Net investment in capital assets	36,225,956	23,743,400
Restricted	8,000,925	6,701,605
Unrestricted	<u>808,387</u>	<u>(6,474,480)</u>
Total net position	<u>\$ 45,035,268</u>	<u>\$ 23,970,525</u>

The District covers approximately 167 square miles and is located in the northwest portion of Bastrop County, with segments in eastern Travis County and Lee County. Property values have increased 115.98% in the last five years. Enrollment has increased by 25.06% over the last five years (Fiscal Year 2017-18 through Fiscal Year 2022-2023).

Investment in capital assets (e.g., land, construction in progress, buildings and improvements, and furniture and equipment) less any related debt used to acquire those assets that is still outstanding is \$36,225,956. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, generally property taxes, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$8,000,925, represents resources that are subject to external restrictions on how they may be used.

Net position may be restricted for a variety of uses by the District. These restrictions are imposed by bond covenants or grant agreements. Restricted net assets are available for use in the designated areas only. Unrestricted net position may be used by the District to meet ongoing operating obligations as determined by the Board of Trustees (the "Board").

**Government-wide activities**

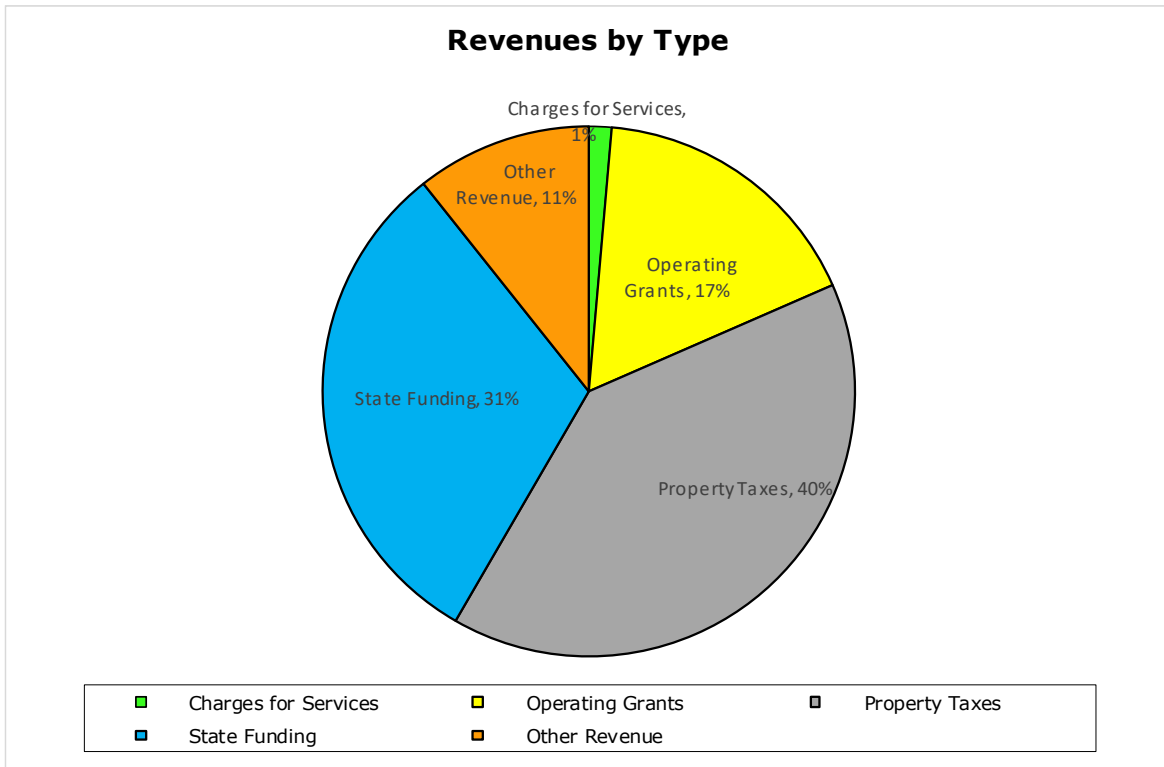
Governmental activities increased the District's net position by \$21,064,743 for the year ended August 31, 2023.

Key elements of this increase are as follows:

**ELGIN INDEPENDENT SCHOOL DISTRICT  
CHANGES IN NET POSITION**

	Governmental Activities	
	2023	2022
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 1,271,093	\$ 879,282
Operating grants and contributions	15,731,006	13,210,984
General revenues:		
Property taxes	36,819,774	27,878,608
State aid - formula grants	28,587,502	31,418,852
Investment earnings	9,708,031	1,068,517
Payments in lieu of taxes	943,092	
Miscellaneous	133,703	633,110
Total revenues	<u>93,194,201</u>	<u>75,089,353</u>
<b>EXPENSES</b>		
Instruction	31,002,403	29,694,871
Instructional resources and media services	672,196	551,864
Student support services	22,462,345	18,318,815
General administration	2,462,485	2,405,511
Support services	7,239,491	6,937,229
Community services	836,581	591,725
Facilities acquisition and construction	21,276	33,140
Debt service - interest & fees	7,002,249	3,883,055
Other	430,432	342,755
Total expenses	<u>72,129,458</u>	<u>62,758,965</u>
<b>CHANGE IN NET POSITION</b>	<u>21,064,743</u>	<u>12,330,388</u>
<b>NET POSITION, BEGINNING</b>	<u>23,970,525</u>	<u>9,823,732</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>1,816,405</u>
<b>NET POSITION, ENDING</b>	<u>\$ 45,035,268</u>	<u>\$ 23,970,525</u>

Overall property taxes account for 40% of the District's revenue sources while state funding represents 31%. Operating grants account for 17% of revenue sources.



## THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$194,450,402. Of this amount, \$25,493,618 constitutes unassigned fund balance available for use in the General Fund activities at the District's discretion. The remainder of the fund balance is nonspendable, restricted or assigned to indicate that it is nonspendable due to being in the form of inventory and prepaid items or it is not available for new spending because it will be used for debt service and other obligations of the District.

The Texas Education Agency recommends that districts keep a fund balance that is between 12% to 20% of annual general fund operating expenditures. As a measure of the General Fund's liquidity, unassigned fund balance represents 40% of the total General Fund expenditures.

The Debt Service Fund has a total fund balance of \$5,130,480, all of which is restricted for the payment of debt service.

The Capital Projects Fund has a total fund balance of \$154,214,177, comprised of bond funds, all of which is restricted for capital acquisitions and contractual obligations.

Other governmental funds, which consist of Special Revenue Funds, have total fund balances of \$3,532,599, an increase of \$458,545 since last year.

## BUDGETARY HIGHLIGHTS

The District had general fund budget amendments during the 2022-23 fiscal year that increased the budgeted expenditures by \$4,849,722. Budget amendments were completed for the purchase and anticipated purchase of property during the year. Key differences between the final amended budget and actual amounts were due to unspent funds and timing of transactions due to time constraints or supply chain issues.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets for its governmental activities at August 31, 2023 amounts to \$98,361,438 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and furniture and equipment.

#### ELGIN INDEPENDENT SCHOOL DISTRICT DISTRICT'S CAPITAL ASSETS (Net of accumulated depreciation)

	2023	2022
Land	\$ 11,083,931	\$ 8,914,610
Construction in progress	30,613,533	5,313,939
Building & improvements	50,246,753	50,547,724
Right to use - equipment	1,448,840	501,913
Right to use - sbita	149,520	-
Furniture & equipment	4,818,861	2,752,509
Totals	<u>\$ 98,361,438</u>	<u>\$ 68,030,695</u>

Additional information on capital assets may be found in Note E to the financial statements.

### Debt

At the end of the current fiscal year the District had total bonded debt outstanding of approximately \$193.9 million. The bonded debt constitutes a direct obligation of the District from a continuing, direct ad valorem tax levied against all taxable property of the District without legal limit as to rate or amount. The bonds are also guaranteed by the corpus of the Permanent School fund of the State of Texas. Both Standard & Poor's Rating Services and Moody's Investors Services have provided bond ratings of AAA and AA-, respectively, to the District's outstanding debt obligations.

Additional information on long-term debt may be found in Note G to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Certified net taxable property value increased for Tax Year 2022 (Fiscal Year 2022-2023) to \$2.645 billion, an increase of 35.12%.
- Certified net taxable property value increased for tax year 2023 (Fiscal Year 2023-2024) to \$2.909 billion, an increase of 9.98%. The certified value took into consideration the \$100,000 Homestead Exemption included on the ballot in the November 2023 general election.
- The General Fund budget for operating expenditures was \$61,644,000 for 2023-2024, an increase of 9.35%.
- The District budgeted an enrollment of 5,800 students for Fiscal Year 2023-2024, an increase of 7.33%, or 396 students, from prior year's enrollment of 5,404 students.

These indicators were taken into account when adopting the General Fund operating budget for 2023-2024. In the original approved budget, the District's Board of Trustees approved a balanced budget with estimated revenues and expenditures of \$61,644,000.

The 86th Legislative Session brought significant changes to the Texas school finance system including some increased funding and significant property tax rate compression. As a result of the session and continued property value growth, the District's Maintenance and Operations tax rate was further compressed. The District's Board of Trustees adopted an operating tax rate of \$0.7575 and a debt service rate of \$0.4682 for a total tax rate of \$1.2257, for the 2023-2024 fiscal year. This results in a reduction of \$0.1854 cents per \$100 valuation.

As part of the ongoing Coronavirus (COVID-19) pandemic, the District continues to receive Coronavirus Response and Relief Supplemental Appropriations (CRRSA) and American Rescue Plan (ARP) funding.

The District continues to see economic growth due to proximity of Austin, growth and development of planned subdivisions, and proximity to the Samsung plant that is currently under construction in nearby Taylor, TX. The District's enrollment has continued to increase, and due to the rapid growth, the District updated their Demographics report with Population and Survey Analysis (PASA) in the spring of 2023.

The District held a bond election in November 2021, where two of the three propositions passed. Development, planning, and construction is underway on the approved projects, including: Harvest Ridge Elementary (Elementary #4 - opening in August 2024); Trinity Ranch Elementary (Elementary #5 - anticipated opening in August 2025); Elgin High School expansions including CTE, cafeteria, and auditorium; Transportation facility; multi-purpose facility; priority maintenance projects; and land acquisition for future growth.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate 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 Services Department at Elgin Independent School District: (512) 281-3434.

## **BASIC FINANCIAL STATEMENTS**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT A-1**

STATEMENT OF NET POSITION

AUGUST 31, 2023

Data Control Codes		Governmental Activities
<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 201,435,408
1220	Property taxes receivable (delinquent)	1,921,667
1230	Allowance for uncollectible taxes	(630,307)
1240	Due from other governments	7,063,417
1290	Other receivables	17,350
1300	Inventories	41,125
1410	Prepaid items	47,255
	Capital assets:	
1510	Land	11,083,931
1520	Buildings and improvements, net	50,246,753
1530	Furniture and equipment, net	4,818,861
1550	Right to use equipment, net	1,448,840
1553	Right to use SBITA, net	149,520
1580	Construction in progress	30,613,533
1000	Total assets	<u>308,257,353</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1701	Deferred loss on bond refundings	412,263
1705	Related to TRS pensions	9,063,057
1706	Related to TRS other post-employment benefit	5,910,870
1700	Total deferred outflows of resources	<u>15,386,190</u>
<b>LIABILITIES</b>		
2110	Accounts payable	10,954,083
2140	Accrued interest payable	682,244
2150	Payroll deductions and withholdings	318,553
2160	Accrued wages payable	2,539,488
2180	Due to other governments	22,631
2200	Accrued expenditures	177,033
2300	Unearned revenue	135,578
	Noncurrent liabilities:	
	Due within one year:	
2501	Long-term debt	5,357,377
	Due in more than one year:	
2502	Long-term debt	211,615,827
2540	Net pension liability (proportionate share)	18,983,401
2545	Net other post-employment benefit liability (proportionate share)	10,100,323
2000	Total liabilities	<u>260,886,538</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2601	Deferred gain on bond refunding	368,923
2602	Related to leases	2,666
2605	Related to TRS pensions	1,417,887
2606	Related to TRS other post-employment benefit	15,932,261
2600	Total deferred inflows of resources	<u>17,721,737</u>
<b>NET POSITION</b>		
3200	Net investment in capital assets	36,225,956
	Restricted for:	
3820	Federal and state programs	3,162,474
3850	Debt service	4,838,451
3900	Unrestricted	808,387
3000	Total net position (deficit)	<u>\$ 45,035,268</u>

The accompanying notes are an integral part of this financial statement.

**ELGIN INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3	Charges for Services
<b>Primary government:</b>				
Governmental activities:				
11	Instruction	\$ 31,002,403	\$ 378,356	
12	Instructional resources and media services	672,196	-	
13	Curriculum and staff development	2,156,258	36,341	
21	Instructional leadership	2,848,210	-	
23	School leadership	4,548,816	-	
31	Guidance, counseling, and evaluation services	2,459,388	-	
32	Social work services	256,841	16,245	
33	Health services	416,287	-	
34	Student transportation	3,828,927	-	
35	Food service	4,135,860	491,369	
36	Extracurricular activities	1,811,758	312,116	
41	General administration	2,462,485	36,666	
51	Facilities maintenance and operations	5,446,836	-	
52	Security and monitoring services	676,511	-	
53	Data processing services	1,116,144	-	
61	Community services	836,581	-	
72	Interest on long-term debt	6,984,930	-	
73	Bond issuance costs and fees	17,319	-	
93	Payments related to shared services arrangements	21,276	-	
99	Other intergovernmental charges	430,432	-	
	[TP] Total primary government	<u>\$ 72,129,458</u>	<u>\$ 1,271,093</u>	
General revenues:				
Taxes:				
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
SF	State aid - formula grants			
IE	Investment earnings			
GC	Payments in lieu of taxes			
MI	Miscellaneous			
TR	Total general revenues			
CN	Change in net position			
NB	Net position, beginning			
NE	Net position, ending			

The accompanying notes are an integral part of this financial statement.

Program Revenues <u>4</u>	Net (Expenses) Revenue and Changes in in Net Position <u>6</u>
Operating Grants and Contributions	Primary Gov. Governmental Activities
\$ 5,808,097	\$ (24,815,950)
9,120	(663,076)
1,469,952	(649,965)
777,646	(2,070,564)
506,587	(4,042,229)
659,994	(1,799,394)
220,052	(20,544)
1,111,804	695,517
177,676	(3,651,251)
3,797,320	152,829
19,119	(1,480,523)
28,131	(2,397,688)
58,830	(5,388,006)
386,838	(289,673)
11,330	(1,104,814)
480,415	(356,166)
208,095	(6,776,835)
-	(17,319)
-	(21,276)
-	(430,432)
<u>\$ 15,731,006</u>	<u>\$ (55,127,359)</u>

24,331,477
12,488,297
28,587,502
9,708,031
943,092
<u>133,703</u>
<u>76,192,102</u>
<u>21,064,743</u>
<u>23,970,525</u>
<u>\$ 45,035,268</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

BALANCE SHEET  
GOVERNMENTAL FUNDS

AUGUST 31, 2023

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
<b>ASSETS</b>				
1110	Cash and cash equivalents	\$ 28,252,703	\$ 5,157,547	\$ 164,433,096
1220	Property taxes - delinquent	1,340,990	580,677	-
1230	Allowance for uncollectible taxes (credit)	(439,845)	(190,462)	-
1240	Due from other governments	6,242,928	18,195	-
1260	Due from other funds	695,821	-	-
1290	Other receivables	15,441	-	-
1300	Inventories	-	-	-
1410	Prepaid items	47,255	-	-
1000	Total assets	<u>36,155,293</u>	<u>5,565,957</u>	<u>164,433,096</u>
<b>LIABILITIES</b>				
2110	Accounts payable	578,632	-	10,218,919
2150	Payroll deductions and withholdings	318,553	-	-
2160	Accrued wages payable	2,288,653	-	-
2170	Due to other funds	329,002	-	-
2180	Due to other governments	-	22,631	-
2200	Accrued expenditures	159,375	-	-
2300	Unearned revenues	-	22,631	-
2000	Total liabilities	<u>3,674,215</u>	<u>45,262</u>	<u>10,218,919</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable revenue - property taxes	905,266	390,215	-
2602	Related to leases	2,666	-	-
2600	Total deferred inflows of resources	<u>907,932</u>	<u>390,215</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable:				
3410	Inventories	-	-	-
3430	Prepaid items	47,255	-	-
Restricted:				
3450	Federal or state grant restrictions	-	-	-
3470	Capital acquisitions and contractual obligations	-	-	154,214,177
3480	Retirement of long-term debt	-	5,130,480	-
Committed:				
3545	Campus activities	-	-	-
Assigned:				
3550	Construction	5,479,172	-	-
3590	Child development center	553,101	-	-
3600	Unassigned	25,493,618	-	-
3000	Total fund balances	<u>31,573,146</u>	<u>5,130,480</u>	<u>154,214,177</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 36,155,293</u>	<u>\$ 5,565,957</u>	<u>\$ 164,433,096</u>

The accompanying notes are an integral part of this financial statement.

Other Funds	Total Governmental Funds
\$ 3,592,062	\$ 201,435,408
-	1,921,667
-	(630,307)
802,294	7,063,417
-	695,821
1,909	17,350
41,125	41,125
-	<u>47,255</u>
<u>4,437,390</u>	<u>210,591,736</u>
156,532	10,954,083
-	318,553
250,835	2,539,488
366,819	695,821
-	22,631
17,658	177,033
<u>112,947</u>	<u>135,578</u>
<u>904,791</u>	<u>14,843,187</u>
-	1,295,481
-	<u>2,666</u>
-	<u>1,298,147</u>
41,125	41,125
-	47,255
3,162,474	3,162,474
-	154,214,177
-	5,130,480
329,000	329,000
-	5,479,172
-	553,101
-	<u>25,493,618</u>
<u>3,532,599</u>	<u>194,450,402</u>
<u>\$ 4,437,390</u>	<u>\$ 210,591,736</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT C-2**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

AUGUST 31, 2023

Total fund balances - governmental funds	\$ 194,450,402
Amounts reported for governmental activities in the statement of net position are different because:	
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	98,361,438
2 Some receivables are reported as deferred inflows of resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.	
Property taxes	1,295,481
3 Long-term liabilities, including bonds, accreted interest and tax notes, are not due and payable in the current period and therefore are not reported in the funds. Also, the losses on refunding of bonds and the premium on issuance of bonds payable are not reported on the balance sheet in the funds.	
General and certificates of obligation	(193,920,000)
Unamortized premium	(17,669,662)
Loans payable - SECO	(2,098,941)
Notes payable	(1,875,654)
Leases	(1,282,921)
Subscription-based IT arrangements	(126,026)
Deferred (gain)/loss on refunding	43,340
4 Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(682,244)
5 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 of \$9,063,057, a deferred resource inflow in the amount of \$1,417,887, and a net pension liability in the amount of \$18,893,401. This resulted in a decrease in net position.	(11,338,231)
6 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 TRS included a deferred resource outflow in the amount of \$5,910,870, a deferred resource inflow in the amount of \$15,932,261, and a net OPEB liability in the amount of \$10,100,323. This resulted in a decrease in net position.	<u>(20,121,714)</u>
Net position of governmental activities	<u>\$ 45,035,268</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ 27,005,467	\$ 12,743,432	\$ 7,942,837
5800	State program	31,285,038	208,095	-
5900	Federal program	<u>1,175,256</u>	<u>-</u>	<u>-</u>
5020	Total revenues	<u>59,465,761</u>	<u>12,951,527</u>	<u>7,942,837</u>
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	26,467,374	-	-
0012	Instructional resources and media services	618,857	-	-
0013	Curriculum and instructional staff development	683,048	-	-
0021	Instructional leadership	2,062,044	-	-
0023	School leadership	4,057,850	-	-
0031	Guidance, counseling and evaluation services	1,772,191	-	-
0032	Social work services	40,890	-	-
0033	Health services	398,633	-	-
0034	Student (pupil) transportation	5,210,883	-	-
0035	Food services	1,350	-	-
0036	Extracurricular activities	1,596,738	-	-
0041	General administration	2,472,242	-	-
0051	Facilities maintenance and operations	5,250,232	-	-
0052	Security and monitoring services	326,022	-	41,583
0053	Data processing services	1,211,671	-	-
0061	Community services	374,767	-	-
Debt service:				
0071	Principal on long term debt	1,262,927	3,350,000	-
0072	Interest on long term debt	128,042	7,649,217	-
0073	Bond issuance costs and fees	-	10,780	-
Capital outlay:				
0081	Facilities acquisition and construction	2,533,593	-	29,707,682
Intergovernmental:				
0093	Payments related to shared services arrangements	21,276	-	-
0099	Other intergovernmental charges	<u>430,432</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>56,921,062</u>	<u>11,009,997</u>	<u>29,749,265</u>
1100	Excess (deficiency) of revenues over (under) expenditures	2,544,699	1,941,530	(21,806,428)
<b>OTHER FINANCING SOURCES (USES)</b>				
7913	Issuance of lease	1,193,998	-	-
7940	Issuance of SBITAs	41,791	-	-
7949	Issuance of notes payable	1,860,933	-	-
7956	Insurance recoveries	1,573,483	-	-
8940	Payment on bond refunding escrow agent	-	(1,006,539)	-
7080	Total other financing sources (uses)	<u>4,670,205</u>	<u>(1,006,539)</u>	<u>-</u>
1200	<b>NET CHANGE IN FUND BALANCES</b>	7,214,904	934,991	(21,806,428)
0100	<b>FUND BALANCES, BEGINNING</b>	<u>24,358,242</u>	<u>4,195,489</u>	<u>176,020,605</u>
3000	<b>FUND BALANCES, ENDING</b>	<u>\$ 31,573,146</u>	<u>\$ 5,130,480</u>	<u>\$ 154,214,177</u>

The accompanying notes are an integral part of this financial statement.

Other Funds	Total Governmental Funds
\$ 829,798	\$ 48,521,534
692,774	32,185,907
<u>12,950,822</u>	<u>14,126,078</u>
<u>14,473,394</u>	<u>94,833,519</u>
5,402,572	31,869,946
33,508	652,365
1,465,086	2,148,134
748,113	2,810,157
446,253	4,504,103
640,271	2,412,462
219,337	260,227
8,914	407,547
122,016	5,332,899
3,872,576	3,873,926
160,072	1,756,810
344	2,472,586
41,963	5,292,195
384,640	752,245
-	1,211,671
469,184	843,951
-	4,612,927
-	7,777,259
-	10,780
-	32,241,275
-	21,276
-	<u>430,432</u>
<u>14,014,849</u>	<u>111,695,173</u>
458,545	(16,861,654)
-	1,193,998
-	41,791
-	1,860,933
-	1,573,483
-	<u>(1,006,539)</u>
-	<u>3,663,666</u>
458,545	(13,197,988)
<u>3,074,054</u>	<u>207,648,390</u>
<u>\$ 3,532,599</u>	<u>\$ 194,450,402</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2023

Net change in fund balances - total governmental funds	\$ (13,197,988)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Additions to capital assets	35,349,449
Depreciation on capital assets	(5,180,630)
Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds.	
Property taxes	354,159
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repayment	4,612,927
Lease issuance	(1,193,998)
Notes payable issuance	(1,860,933)
SBITA issuance	(41,791)
Payment to bond refunding escrow agent	1,000,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of premium and deferred (loss)/gain on refunding of bonds payable	1,023,755
Accrued interest payable	(231,426)
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 \$1,744,777. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,492,817. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,147,337. The net result is a decrease in the change in net position.	
	(895,377)
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 \$386,894. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$346,467. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense increased the change in net position by \$1,286,169. The net result is an increase in the change in net position.	
	<u>1,326,596</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 21,064,743</u></b>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT E-1**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND

AUGUST 31, 2023

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 27,043
Total assets	<u>27,043</u>
<b>NET POSITION</b>	
Restricted for student groups	<u>27,043</u>
Total net position	<u>\$ 27,043</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT E-2**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND

FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Enterprising services	\$ 16,758
Total additions	<u>16,758</u>
<b>DEDUCTIONS</b>	
Other expenses	21,098
Miscellaneous contracted services	<u>275</u>
Total deductions	<u>21,373</u>
<b>NET INCREASE (DECREASE) INFIDUCIARY NET POSITION</b>	(4,615)
<b>NET POSITION, BEGINNING</b>	<u>31,658</u>
<b>NET POSITION, ENDING</b>	<u>\$ 27,043</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

# ELGIN INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2023

### I. Summary of Significant Accounting Policies

#### A. Reporting Entity

Elgin 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 Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. There are no component units included within the reporting entity. The District prepares its basic financial statements in conformity with generally accepted accounting principles and it 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.

#### 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 Elgin Independent School District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenue.

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 a program revenue, it is a general revenue used to support all of the District's functions. Taxes and other items not properly included among program revenues are reported as general revenues.

Interfund activities between governmental appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund 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 two fund categories – governmental 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 funds major and reports their financial condition and results of operations in a separate column.

#### C. Measurement Focus, Basis of Accounting

The government-wide financial statements and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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.

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. This District's custodial fund activity is reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The custodial funds are presented on an *economic resources measurement focus* and the *accrual basis of accounting*, similar to the government-wide financial statements.

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., revenue and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenue in the accounting period in which it becomes both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured 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 revenue available if it is collectible within 60 days after year-end. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Revenue from local sources consists primarily of property taxes. Property tax revenue and revenue 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 revenue is recorded as revenue when received in cash because it is generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenue 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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

- The **General Fund** includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.
- The **Debt Service Fund** includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.
- The **Capital Projects Fund** is an unbudgeted fund used to account for proceeds from sales of bonds and other revenues to be used for authorized construction, renovations, and technology projects/enhancements.

Additionally, the District reports the following fund types:

- **Special Revenue Funds** are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds. The District uses project accounting to maintain integrity for the various sources of funds.
- The **Custodial Fund** is a fiduciary fund and is used to account for activities of student groups and other types of activities requiring clearing accounts.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance**

**1. Deposits and Investments**

Investments in the District are reported at fair value, except for the portion in investment pools. The District’s investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost.

**2. Inventories**

Inventories consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply inventory is recorded at cost using the FIFO method. Federal food commodities inventory is stated at fair value and at year-end is recorded as unearned revenue. Revenue is recognized at fair value when commodities are distributed to schools.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed.

**4. Capital Assets**

Capital assets, which are tangible and intangible, include land, construction in progress, buildings and improvements, and furniture and equipment, and right to use, are reported in the governmental activities column in the government-wide financial statements. The District has no infrastructure assets. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000. Such assets are recorded at historical cost if purchased or at acquisition value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets’ lives are not capitalized. Capital assets (other than land and construction in progress) are being depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-30
Building improvements	10-30
Vehicles	5-15
Office equipment	5-15
Computer equipment	5-15
Right to use - equipment	5-15
Right to use - SBITA	3-5

## 5. Ad Valorem Property Taxes

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon 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.

## 6. Accumulated Sick Leave Liability

The State of Texas (the "State") has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the State minimum. The District's policy is not to provide reimbursement upon termination of employment with the District. Accordingly, no liability for accrued compensated absences has been established by the District.

## 7. Leases and Subscription-Based Information Technology Arrangements

The District is a lessee for a noncancellable lease of equipment and subscription-based IT arrangements (SBITAs). The District recognizes a liability and an intangible right-to-use assets in the government-wide financial statements.

At the commencement of a lease or SBITA, the District initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases and SBITAs include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.
- The agreement term includes the noncancellable period of the lease or SBITA.
- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease or SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

These right to use assets are reported with other capital assets and liabilities are reported with long- term debt on the statement of net position.

**Lessor.** The District is a lessor in an arrangement allowing the use of broadband channels of the District. In both the government-wide financial statements and the governmental fund financial statements, the District initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

## **8. 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.

## **9. Other Post-Retirement Benefits**

The fiduciary net position of the TRS Care Plan 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 other post-employment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

## **10. Deferred Outflows and Inflows of Resources**

A deferred outflow of resources is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

- Deferred outflows of resources for refunding – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, changes in actuarial assumptions and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.
- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net pension liability, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

A deferred inflow of resources is an acquisition of a government's net position (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District had several items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.
- Deferred inflow of resources for leases - Reported on the government-wide financial statement of net position related to future payments on a long-term lease receivable.
- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer's contributions and the proportionate share of contributions.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, as well as changes in proportion and difference between the employer's contributions and the proportionate share of contributions.
- Deferred inflow of resources for refunding – Reported in the government-wide statement of net position, this deferred gain on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

## **11. Fund Balances – Governmental Funds**

Non-spendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board may also assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

## **12. Fund Balance Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## **13. Net Position**

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## **14. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## **15. Estimates**

The presentation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue and recapture cost for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue and recapture cost for the fiscal year will change from the amount calculated as of August 31, 2023 because of the factors that TEA uses in its calculations.

## **16. Data Control Codes**

The Data Control Codes refer to the account code structure prescribed by 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 ensure accuracy in building a statewide database for policy development and funding plans.

## 17. Change in Accounting Principle

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), was adopted effective September 1, 2022. The statement addresses accounting and financial reporting for SBITA contracts. Statement No. 96 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to SBITA in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

## II. DETAILED NOTES ON ALL FUNDS

### A. Cash and Temporary Investments

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy, in order of priority, are preservation and safety of principal, liquidity and yield. The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Banker's acceptance
- Commercial paper
- Money market funds and no-load mutual funds
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore, the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2023, the carrying amount of the District's deposits was \$5,830,599 and the bank balance was \$5,867,384.

The District's deposits with financial institutions at August 31, 2023 and during the year ended August 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and TEA maintains copies of all safekeeping receipts in the name of the District.

Investments held at August 31, 2023 consisted of the following:

<u>Investment Type</u>	<u>Rating</u>	<u>Weighted Average Maturity (Days)</u>	<u>Reported Value</u>
TexasDAILY	AAAf	60	\$ 5,501
Lone Star	AAAm	89	<u>195,626,351</u>
Total Investments			<u>\$ 195,631,852</u>

The District had investments in two external local government investment pools at August 31, 2023: TexasDAILY Local Investment Pool ("TexasDAILY") and Lone Star Investment Pool ("Lone Star"). Although Lone Star is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7-of the Investment Company Act of 1940.

Texas TERM is organized in conformity with the Public Funds Investment Act. Texas TERM provides for a fixed rate, fixed-term investment for a period of 60 days to one year. TexasDAILY is a portfolio of Texas TERM and provides daily access to funds. Texas TERM is overseen by an advisory board composed of participants and non-participant members elected by the participant shareholders of Texas TERM. The advisory board is responsible for the overall management of Texas TERM, including formulation and implementation of its investment and operating policies. In addition, the advisory board members select and oversee the activities of the investment advisor and custodian of Texas TERM and monitor investment performance and the method of valuing the shares. Texas TERM is a floating net assets value fund, which is a non-2a7 fund. It is a fundamental objective of Texas TERM to assure the return of principal and interest at the date planned for redemption of shares; however the net asset value of shares may fluctuate prior to the planned redemption date.

Lone Star is governed by an eleven member board of trustees, in which all of the members are also participants in Lone Star. The board meets quarterly to review operations, adopt or make changes to the investment policy, review financial activity and approve contractor agreements. Lone Star also has an advisory board consisting of participants and nonparticipants. RBC Dain Rauscher, Inc. is an independent consultant for Lone Star that reviews daily operations, analyzes all investment transactions for compliance with the Public Funds Investment Act, and performs monitoring activities. The Bank of New York provides custody and valuation services for Lone Star. American Beacon Advisors and Standish Mellon provide other investment management services. Lone Star's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

### **Credit Risk**

At August 31, 2023, investments were included in external local government investment pools in compliance with the District's investment policy.

### **Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent not in the District's name. At August 31, 2023, the District was not exposed to custodial credit risk.

### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. Government. At August 31, 2023, all of the District's investments were in external local government investment pools.

### **Interest Rate Risk**

As a means of minimizing risk of loss due to interest rate fluctuations, the investment policy requires that maturities for internally created pool fund groups will not exceed the dollar weighted average maturity of 180 days. Maturities of any other individual investment owned by the District should not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the external local government investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value.

### **Foreign Currency Risk**

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

### **Investment Accounting Policy**

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

### **Public Funds Investment Pools**

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

## **B. Property Taxes**

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Bastrop Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the District's Board sets the tax rates on property and the Appraisal District's tax department provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every four years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 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 1 of each year, a tax lien attaches to property to secure the payment of all taxes, and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District’s fiscal year. The assessed value at January 1, 2022, upon which the October 2022 levy was based, was \$2,629,225,994. The District levied taxes based on a combined tax rate of \$1.4111 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

The 86th session of the Texas Legislature convened in January 2019, with school finance reform as a critical priority. House Bill 3 (HB 3), passed by the 86th Texas Legislature, was of one of the most transformative Texas education bills in recent history infusing more than \$11 billion into the public school system. HB 3 provided more money for Texas classrooms through an increase in the basic allotment for each student from \$5,140 to \$6,160, increased teacher compensation, funds free full-day Pre-K for eligible 4-year-olds, reduced the amount of money wealthy districts must spend to subsidize poor districts through the state’s recapture program, and cut local property taxes for Texas taxpayers. In summary, the bill focused on four major policy areas: teacher support, improving student outcomes, increasing funding, and reduction and reform of property taxes and recapture.

HB3 amended the Education Code to transfer certain sections from Chapter 41 to Chapter 49 and revised formulas used to determine excess local revenue under the Foundation School Program (FSB). The formula for recapture is now local revenue in excess of entitlement instead of wealth per weighted average daily attendance (WADA) basis. Under HB 3, recapture and non-recapture school districts are treated more equitably, and districts only pay tier one recapture on the amount above their formula entitlement. HB 3 modifies local revenue subject to recapture to be local revenue in excess of entitlement and is calculated by subtracting a district's tier one entitlement (and credit for appraisal costs) from its available school fund (ASF) distribution and local fund assignment. The District had no recapture liability at August 31, 2023.

**C. Due from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. These amounts are reported in the basic financial statements as Due from Other Governments and are summarized below at August 31, 2023.

	General Fund	Debt Service Fund	Nonmajor Other Funds	Total Governmental Funds
State entitlements	\$ 6,192,216	\$ 18,195	\$ -	\$ 6,210,411
Federal and state grants	-	-	802,294	802,294
Other governments	<u>50,712</u>	<u>-</u>	<u>-</u>	<u>50,712</u>
Total	<u>\$ 6,242,928</u>	<u>\$ 18,195</u>	<u>\$ 802,294</u>	<u>\$ 7,063,417</u>

**D. Other Receivables**

On April 22, 2022, Elgin Independent School District, TX entered into a 39-month lease as Lessor for the use of CHCSCT and BTCS. An initial lease receivable was recorded in the amount of \$4,642. As of August 31, 2023, the value of the lease receivable is \$2,329. The lessee is required to make annual fixed payments of \$1,200. The lease has an interest rate of 2.0150%. The Buildings estimated useful life was 10 years as of the contract commencement. The value of the deferred inflow of resources as of August 31, 2023 was \$2,666, and Elgin Independent School District, TX recognized lease revenue of \$1,454 during the fiscal year. The lessee had a termination period of one year as of the lease commencement. Elgin Independent School District, TX had a termination period of one year as of the lease commencement.

## E. Capital Assets

Capital asset activity for the year ended August 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,914,610	\$ 2,169,321	\$ -	\$ 11,083,931
Construction in progress	5,313,939	25,614,707	(315,113)	30,613,533
Total capital assets, not being depreciated	<u>14,228,549</u>	<u>27,784,028</u>	<u>(315,113)</u>	<u>41,697,464</u>
Capital assets, being depreciated:				
Buildings and improvements	109,066,451	3,219,576	315,113	112,601,140
Furniture and equipment	9,312,678	2,961,814	-	12,274,492
Right to use - equipment	563,834	1,314,156	(103,992)	1,773,998
Right to use - SBITA	161,924	69,875	-	231,799
Total capital assets, being depreciated	<u>119,104,887</u>	<u>7,565,421</u>	<u>211,121</u>	<u>126,881,429</u>
Less accumulated depreciation for:				
Buildings and improvements	(58,518,727)	(3,835,660)	-	(62,354,387)
Furniture and equipment	(6,560,169)	(895,462)	-	(7,455,631)
Right to use - equipment	(61,921)	(367,229)	103,992	(325,158)
Right to use - SBITA	-	(82,279)	-	(82,279)
Total accumulated depreciation	<u>(65,140,817)</u>	<u>(5,180,630)</u>	<u>103,992</u>	<u>(70,217,455)</u>
Total capital assets, being depreciated, net	<u>53,964,070</u>	<u>2,384,791</u>	<u>315,113</u>	<u>56,663,974</u>
Governmental activities capital assets, net	<u>\$ 68,192,619</u>	<u>\$ 30,168,819</u>	<u>\$ -</u>	<u>\$ 98,361,438</u>

### Governmental activities:

Instruction	\$ 2,273,060
Instructional resources and media services	47,588
Curriculum and staff development	50,108
Instructional leadership	148,106
School leadership	291,455
Guidance, counseling and evaluation services	127,287
Social work services	2,937
Health services	29,327
Student transportation	796,016
Food services	341,500
Extracurricular activities	140,618
General administration	215,538
Facilities maintenance and operations	438,202
Security and monitoring services	36,585
Data processing services	215,386
Community services	<u>26,917</u>

Total depreciation expense - governmental activities \$ 5,180,630

## F. Interfund Balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." The composition of interfund balances at August 31, 2023 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Government Funds	\$ 695,821	Temporary advances
		\$ 695,821	

All amounts due are scheduled to be repaid within one year.

## G. Long-Term Obligations

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 198,270,000	\$ -	\$ 4,350,000	\$ 193,920,000	\$ 4,150,000
Premium on Bonds	18,648,918	-	979,256	17,669,662	-
Loans payable - SECO	2,355,354	-	256,413	2,098,941	305,466
Notes payable	580,205	1,860,933	565,484	1,875,654	485,464
Leases payable	452,264	1,193,998	363,341	1,282,921	329,110
SBITA payable	161,924	41,791	77,689	126,026	87,337
Total long term debt	\$ 220,468,665	\$ 3,096,722	\$ 6,592,183	\$ 216,973,204	\$ 5,357,377
Net pension liability	7,118,286	13,357,215	1,492,100	18,983,401	-
Net OPEB liability	14,609,301	(4,162,511)	346,467	10,100,323	-
Total long-term liabilities	\$ 242,196,252	\$ 12,291,426	\$ 8,430,750	\$ 246,056,928	\$ 5,357,377

The loans, notes payable, leases, SBITAs, net pension and net OPEB liabilities are typically liquidated by the general fund.

The District issues unlimited tax school building bonds to provide funds for the acquisition and construction of major capital facilities. Unlimited tax school building bonds have been issued for governmental activities. Unlimited tax school building bonds are direct obligations and pledge the full faith and credit of the District.

In July 2023, the District defeased in substance an additional portion of its unlimited tax refunding bonds, series 2014 using existing resources on hand. The resources were accumulated as a result of excess Interest and Sinking property tax revenues than were necessary for debt service. The District placed \$1,022,340 (net of costs of defeasance) into an irrevocable trust to pay the debt service until the call date in August of 2024. The outstanding principal of \$1,000,000 is considered defeased and has been removed from the District's financial statements.

Bonded debt consists of the following at August 31, 2023:

Date of Issue	Description	Interest Rates	Original Issue	Final Maturity Date	Debt Principal
Bonds:					
06/05/2014	Ref Ser 2014	2.00 - 4.00%	8,720,000	08/01/2026	\$ 2,920,000
09/29/2015	Ref Ser 2015	2.00 - 4.00%	8,220,000	10/01/2024	2,030,000
10/13/2016	Ref Ser 2016A	2.00 - 4.00%	7,785,000	04/01/2029	5,305,000
12/29/2016	Ref Ser 2016B	4.00%	8,135,000	08/01/2024	1,270,000
05/04/2017	Ref Ser 2017	3.00 - 4.00%	6,040,000	08/01/2028	3,325,000
02/01/2022	School Bldg Ser 2022	2.75 - 5.00%	106,980,000	08/01/2051	106,980,000
06/01/2022	Ref Schl Bldg Ser 2022A	3.76 - 5.00%	72,090,000	08/01/2052	72,090,000
Total Bonds Payable					<u>\$ 193,920,000</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District without limitation as to rate. The Texas Education Code generally prohibits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness exceeds \$0.50 per \$100 of assessed valuation of taxable property within the District. The District's debt service rate for the current year is \$0.4682.

The annual principal installments for each of the outstanding issues vary each year. At August 31, 2023, the debt service requirements of bonded indebtedness to maturity are as follows:

Year Ending August 31,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2024	\$ 4,150,000	\$ 7,226,763	\$ 11,376,763
2025	4,555,000	7,073,088	11,628,088
2026	3,490,000	6,912,088	10,402,088
2027	4,665,000	6,780,938	11,445,938
2028	4,855,000	6,563,688	11,418,688
2029-2033	25,040,000	29,342,788	54,382,788
2034-2038	31,185,000	23,187,488	54,372,488
2039-2043	37,440,000	16,936,938	54,376,938
2044-2048	44,245,000	10,133,038	54,378,038
2049-2052	<u>34,295,000</u>	<u>2,628,625</u>	<u>36,923,625</u>
	<u>193,920,000</u>	<u>116,785,442</u>	<u>\$ 310,705,442</u>

As of August 31, 2023, there were no general obligation bonds authorized by voters of the District, but unissued.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

During the year ended August 31, 2019, the District entered into a loan agreement with the Texas State Energy Conservation Office ("SECO"). SECO advanced \$2,551,141 and \$525,755 to the District during the years ended August 31, 2019 and 2020, respectively, for a maximum funding amount of \$3,076,896. The rate of interest on the loan is 2% and principal and interest payments of \$86,291 are due in quarterly installments beginning on August 3, 2020 through February 28, 2030. At August 31, 2023 the remaining payments are as follows:

Year Ending August 31,	Loans Payable - SECO		Total Requirements
	Principal	Interest	
2024	\$ 305,466	\$ 39,697	\$ 345,163
2025	311,621	33,542	345,163
2026	317,901	27,263	345,164
2027	324,307	20,857	345,164
2028	330,842	14,322	345,164
2029-2030	508,804	8,941	517,745
	<u>\$ 2,098,941</u>	<u>\$ 144,622</u>	<u>\$ 2,243,563</u>

The following includes notes payable principal and interest payments to maturity:

Year Ending August 31,	Notes Payable		Total Requirements
	Principal	Interest	
2024	\$ 485,464	\$ 92,783	\$ 578,247
2025	441,198	68,814	510,012
2026	463,037	46,975	510,012
2027	485,955	24,057	510,012
	<u>\$ 1,875,654</u>	<u>\$ 232,629</u>	<u>\$ 2,108,283</u>

The District financed the purchase of school buses through a note payable (the "Bus Agreement") with a finance company. The purchase price of the buses was \$2,550,060 which equates to the notes payable principal amount. Under the terms of the Bus Agreement, principal and interest payments of \$510,012 are due annually beginning on August 5, 2023 through August 5, 2027. At the end of the lease term, the District has a bargain purchase option allowing the District to acquire the buses for no consideration. The effective interest rate on the note is 4.95%.

The District financed the purchase of a server through a note payable (the "VxRail Agreement") with a finance company. The purchase price of the server was \$311,009 which equates to the notes payable principal amount. Under the terms of the VxRail Agreement, principal and interest payments of \$68,235 are due annually beginning on December 1, 2019 through December 1, 2023. The effective interest rate on the note is 4.751%.

For the year ended August 31, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

A summary of changes in governmental long-term lease payable for the year ended August 31, 2023, is as follows:

Date of Issue	Description	Interest Rates	Original Issue	Maturity Date	Lease Payable
Leases:					
09/01/2022	Dell - Chromebook Laptops	0.22% - 6.82%	1,192,998	2027	\$ 918,674
08/01/2022	Toshiba Copiers	2.37%	459,842	2027	364,247
					<u>\$ 1,282,921</u>

The following includes lease principal and interest payments to maturity:

Year Ending August 31,	Leases		Total Requirements
	Principal	Interest	
2024	\$ 329,110	\$ 60,183	\$ 389,293
2025	344,402	44,891	389,293
2026	360,409	28,884	389,293
2027	<u>249,000</u>	<u>12,012</u>	<u>261,012</u>
	<u>\$ 1,282,921</u>	<u>\$ 145,970</u>	<u>\$ 1,428,891</u>

For the year ended August 31, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

A summary of changes in governmental long-term SBITAs payable for the year ended August 31, 2023, is as follows:

Date of Issue	Description	Interest Rates	Original Issue	Final Maturity Date	SBITA Payable
SBITA:					
9/1/2022	Software subscriptions	2.02 - 2.71%	161,925	2026	\$ 99,507
2/6/2023	Software subscriptions	2.71%	41,791	2024	26,519
					<u>\$ 126,026</u>

The following includes subscription principal and interest payments to maturity:

Year Ending August 31,	Subscriptions		Total Requirements
	Principal	Interest	
2024	\$ 87,336	\$ 2,584	\$ 89,920
2025	28,413	882	29,295
2027	<u>10,276</u>	<u>243</u>	<u>10,519</u>
	<u>\$ 126,025</u>	<u>\$ 3,709</u>	<u>\$ 129,734</u>

#### H. Defined Benefit Pension Plan

**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 TRS and is 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by TRS.

**Pension Plan Fiduciary Net Position.** Detailed information about TRS’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 [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (800) 223-8778.

**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, in which 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 in under a previous rule. There are no automatic post-employment benefit changes; including automatic cost-of-living adjustments (“COLAs”). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description 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.

**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% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS 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.

	<b>Contribution Rates</b>	
	<b>2022</b>	<b>2023</b>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Current fiscal year employer contributions		\$ 1,744,777
Current fiscal year member contributions		3,221,945
2022 measurement year NECE on-behalf contributions		1,879,310

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 part 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% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

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

**Actuarial Assumptions.** The total pension liability in the August 31, 2021 actuarial evaluation was rolled forward to August 31, 2022, and was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% - 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"
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Payroll Growth Rate	3.00%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions 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 9, 2021.

## Discount Rate

A single discount rate of 7.00% was used to measure the pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. 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 sessions. It is assumed that the future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% 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%. 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 TRS' target asset allocation as of August 31, 2022 are summarized below.

Asset Class <sup>1</sup>	Target Allocation <sup>2</sup>	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	4.60%	1.12%
Non-U.S. 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 and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
Risk Parity	8.00%	4.60%	0.43%
Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag <sup>4</sup>			-0.91%
Expected Return	100.00%		8.21%

<sup>1</sup>Absolute Returns Includes Credit Sensitive Investments.

<sup>2</sup>Target allocations are based on the FY2022 policy model.

<sup>3</sup>Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022).

<sup>4</sup>The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis.** The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the Net Pension Liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current discount rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 29,530,975	\$ 18,983,401	\$ 10,434,098

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

At August 31, 2023, the District reported a liability of \$18,983,401 for its proportionate share of the TRS's 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	\$ 18,983,401
State's proportionate share that is associated with the District	23,909,718
Total	<u>\$ 42,893,119</u>

The actuarial valuation was as of August 31, 2021 and rolled forward to August 31, 2022. 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 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0319761221% which was an increase of 0.004025132% 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 August 31, 2023, the District recognized pension expense of \$4,925,652 and revenue of \$2,285,498 for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 275,258	\$ 413,874
Changes in actuarial assumptions	3,537,225	881,575
Differences between projected and actual investment earnings	1,875,499	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,630,298	122,438
Contributions paid to TRS subsequent to the measurement date	<u>1,744,777</u>	<u>-</u>
Total as of year-end	<u>\$ 9,063,057</u>	<u>\$ 1,417,887</u>

The \$1,744,777 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2024. 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:

For the Year Ended August 31:	Pension Expense
2024	\$ 1,563,794
2025	883,189
2026	468,182
2027	2,475,575
2028	509,653

## I. Defined Other Post-Employment Benefit Plans

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program ("TRS-Care"). It is a multiple-employer, cost-sharing OPEB plan that has 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.

**OPEB Plan Fiduciary Net Position.** Detailed information about TRS-Care's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [https://www.trs.texas.gov/Pages/about\\_publications.aspx](https://www.trs.texas.gov/Pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling 1-800-223-8778.

**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 are no automatic post-employment benefit changes; including automatic COLAs.

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

	TRS-Care Monthly for Retirees	
	Medicare	Non-Medicare
Retiree*	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree* and Children	468	408
Retiree and Family	1,020	999

\* or surviving spouse

**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% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the GAA. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contributions Rates	
	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%
Current fiscal year employer contributions		\$ 386,894
Current fiscal year member contributions		261,596
2022 measurement year NECE on-behalf contributions		422,635

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

A supplemental appropriation was authorized by Senate Bill 8 of the third-called legislature that granted \$83 million to TRS-Care from the federal American Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

**Actuarial Assumptions.** The total OPEB liability in the August 31, 2021 was rolled forward to August 31, 2022. 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. All the demographic assumptions, including rates of retirement, termination, and disability, the most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. 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 members 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	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination - Expected	Expected Payroll Growth
Rates of Disability	

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%
Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Healthcare Trend Rates	4.25% to 8.25%
Projected Salary Increases	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

**Discount Rate.** A single discount rate of 3.91% was used to measure the total OPEB liability. There as an increase of 1.96% in the discount rate since the previous year. 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 the 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate was fixed-income 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” as of August 31, 2022.

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

	1% Decrease in Discount Rate <u>(2.91%)</u>	Discount Rate <u>(3.91%)</u>	1% Increase in Discount Rate <u>(4.91%)</u>
Proportionate share of net OPEB liability	\$ 11,909,082	\$ 10,100,323	\$ 8,634,996

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2023, the District reported a liability of \$10,100,323 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	\$ 10,100,323
State's proportionate share that is associated with the District	<u>12,320,807</u>
Total	<u>\$ 22,421,130</u>

The net OPEB liability was measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of August 31, 2021. The employer’s proportion of the Net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the employer’s proportion of the collective net OPEB liability was 0.0421830973% which was an increase of 0.0043101158% from the proportion measured as of August 31, 2021.

	1% Decrease	Current Single Healthcare Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 8,322,712	\$ 10,100,323	\$ 12,404,767

**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 since the prior measurement period:

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

For the year ended August 31, 2023, the District recognized OPEB expense of (\$2,688,124) and revenue of (\$1,748,422) for support provided by the State.

At August 31, 2023, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 561,542	\$ 8,414,476
Changes in actuarial assumptions	1,538,479	7,017,104
Differences between projected and actual investment earnings	30,086	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,393,869	500,681
Contributions paid to OPEB subsequent to the measurement date	<u>386,894</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 5,910,870</u>	<u>\$ 15,932,261</u>

The \$386,894 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2024. 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:

For the Year Ended August 31,	OPEB Expense
2024	\$ (2,090,339)
2025	(2,090,230)
2026	(1,661,912)
2027	(1,082,039)
2028	(1,232,055)
Thereafter	(2,251,710)

## J. Health Care Coverage

During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the “Health Plan”). The District contributed \$375 per month per employee to the Health Plan, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All contributions were paid to a licensed insurer. The Health Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The Teachers Retirement System (TRS) manages TRS Active Care. The medical plan is administered by Aetna, FIRSTCARE and Scott and White HMO. Caremark administers the prescription drug plan. The latest financial information on the state-wide plan may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.texas.gov](http://www.trs.texas.gov), under the TRS Publications heading.

#### **K. Medicare Part D – On-behalf Payments**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$215,439, \$156,859, and \$150,349 were recognized for the years ended August 31, 2023, 2022, and 2021, respectively, as equal revenues and expenditures.

#### **L. Risk Management**

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers compensation and other miscellaneous bonds. During the year ended August 31, 2023, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past four years.

The District participates in a public entity risk pool for its workers compensation insurance (the Worker's Compensation Plan"), administered by the Texas Association of School Boards Worker's Compensation Self-Insurance Fund. The District pays overhead expenses annually and actual claims liabilities up to a maximum amount determined annually. Claims in excess of the District's guaranteed annual cap are paid by the pool. The Worker's Compensation Plan is documented by contractual agreement. The contract between the District, the licensed insurer and other participants of the self-funded pool is renewable in September 2023, and the terms of coverage and contributions and premium costs are included in the contractual provisions. Under the Worker's Compensation Plan, the District's estimated aggregate liability is \$298,712 for fiscal year 2022-23 of which \$43,415 has been paid. The District's estimated outstanding loss and aggregate liability at August 31, 2023 was \$113,694 and is reflected with accounts payable in the District's governmental funds balance sheet.

#### **M. Tax Abatements**

On December 17, 2018, the District's Board approved an agreement with East Blackland Solar Project 1 LLC ("East Blackland Solar") for a Limitation On Appraised Value of Property for School District Maintenance and Operations pursuant to Chapter 313 of the Texas Tax Code, i.e. the Texas Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. East Blackland Solar qualified for a tax limitation agreement under Texas Tax Code Section 313.024(b)(5), as a renewable energy electric generation project.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for maintenance and operations for a period of years specified in statute. The projects under the Chapter 313 agreement must be consistent with the State of Texas' goal to encourage large scale capital investments in the state. Chapter 313 of the Texas Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, including East Blackland Solar, has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board and the Texas Comptroller's Office, which recommended approval of the project.

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that East Blackland Solar terminates the agreement without the consent of the District, or in the event that East Blackland Solar or its successor-in-interest fails to comply in any material respect with the terms of the agreement or to meet any material obligation under this agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Section 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code Section 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of August 31, 2023 there have been no value limitations on the taxable value of the property as the value limitation period is expected to begin on the project during the 2023 tax year (2022-2023 school year.) During the value limitation period, the appraised value used for the District's maintenance and operations tax levy will not exceed \$20 million. The District received a supplemental payment of \$100,000 and a hold-harmless payment of \$943,092 during the year ended August 31, 2023 related to this agreement. The District incurred a \$165,356 revenue loss that will carry over to FY24.

#### **N. Commitments and Contingencies**

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Uniform Guidance through August 31, 2023, these programs are subject to financial and compliance audits. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

At August 31, 2023, the District is also committed under construction contracts with a remaining balance of \$96,842,274.

#### **O. Shared Services Arrangements**

The District participates in a Shared Services Arrangement which provides Regional Day School for the Deaf Services for special education to member districts. Region XIII Education Center is the fiscal agent, and the member districts provide the funds to the fiscal agent. All services are provided by the current cluster sites, Bastrop ISD and Hays CISD.

The District participates in a Shared Services Arrangement which provides juvenile boot camp services to member districts, including Bastrop ISD, Smithville ISD, McDade ISD, the City of Smithville, the City of Elgin, the City of Bastrop and Bastrop County.

**P. New Accounting Standards**

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

GASB Statement No. 99, *Omnibus 2022* – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

**THIS PAGE LEFT BLANK INTENTIONALLY**

**REQUIRED SUPPLEMENTARY INFORMATION**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT G-1**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 23,035,000	\$ 26,701,517	\$ 27,005,467	\$ 303,950
5800	State program	32,300,000	30,000,000	31,285,038	1,285,038
5900	Federal program	1,038,000	1,175,000	1,175,256	256
5020	Total revenues	<u>56,373,000</u>	<u>57,876,517</u>	<u>59,465,761</u>	<u>1,589,244</u>
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	26,891,337	26,689,698	26,467,374	222,324
0012	Instructional resources and media services	624,304	650,000	618,857	31,143
0013	Curriculum and instructional staff development	980,451	750,000	683,048	66,952
0021	Instructional leadership	2,538,939	2,150,000	2,062,044	87,956
0023	School leadership	3,984,712	4,075,000	4,057,850	17,150
0031	Guidance, counseling and evaluation services	1,965,740	1,900,000	1,772,191	127,809
0032	Social work services	208,372	175,000	40,890	134,110
0033	Health services	413,170	400,000	398,633	1,367
0034	Student (pupil) transportation	3,355,816	5,360,933	5,210,883	150,050
0035	Food service	-	2,000	1,350	650
0036	Extracurricular activities	1,536,786	1,675,000	1,596,738	78,262
0041	General administration	2,649,722	2,657,744	2,472,242	185,502
0051	Facilities maintenance and operations	5,086,549	5,350,000	5,250,232	99,768
0052	Security and monitoring services	684,861	425,000	326,022	98,978
0053	Data processing services	982,987	1,409,082	1,211,671	197,411
0061	Community services	459,286	400,000	374,767	25,233
Debt service:					
0071	Principal on long term debt	1,212,209	1,700,223	1,262,927	437,296
0072	Interest on long term debt	-	128,042	128,042	-
Capital Outlay:					
0081	Facilities acquisition and construction	2,367,759	4,800,000	2,533,593	2,266,407
Intergovernmental:					
0093	Payments related to shared services arrangements	30,000	50,000	21,276	28,724
0099	Other intergovernmental charges	400,000	475,000	430,432	44,568
6030	Total expenditures	<u>56,373,000</u>	<u>61,222,722</u>	<u>56,921,062</u>	<u>4,301,660</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	(3,346,205)	2,544,699	5,890,904
<b>OTHER FINANCING SOURCES (USES)</b>					
7913	Issuance of lease	-	1,192,998	1,193,998	1,000
7916	Premium on issuance of bonds	-	41,791	41,791	-
7940	Issuance of SBITAs	-	1,860,933	1,860,933	-
7949	Issuance of notes payable	-	1,573,483	1,573,483	-
7080	Total other financing sources (uses)	<u>-</u>	<u>4,669,205</u>	<u>4,670,205</u>	<u>1,000</u>
1200	<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>(3,346,205)</u>	<u>7,214,904</u>	<u>5,891,904</u>
0100	<b>FUND BALANCES, BEGINNING</b>	<u>21,006,872</u>	<u>18,128,541</u>	<u>24,358,242</u>	<u>6,229,701</u>
3000	<b>FUND BALANCES, ENDING</b>	<u>\$ 21,006,872</u>	<u>\$ 14,782,336</u>	<u>\$ 31,573,146</u>	<u>\$ 16,790,810</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2023

	Measurement Year Ended August 31,		
	2022	2021	2020
District's proportion of the net pension liability (asset)	0.0320%	0.0280%	0.0278%
District's proportionate share of net pension liability (asset)	\$ 18,983,401	\$ 7,118,286	\$ 14,865,753
State's proportionate share of the net pension liability (asset) associated with the District	<u>23,909,718</u>	<u>10,743,790</u>	<u>22,332,570</u>
Total	<u>\$ 42,893,119</u>	<u>\$ 17,862,076</u>	<u>\$ 37,198,323</u>
District's covered payroll	\$ 37,242,779	\$ 33,909,304	\$ 32,505,449
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	50.97%	20.99%	45.73%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%

Note: Only nine years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

Measurement Year Ended August 31,					
2019	2018	2017	2016	2015	2014
0.0280%	0.0280%	0.0288%	0.0256%	0.0258%	0.0164%
\$ 14,543,903	\$ 15,422,514	\$ 9,198,367	\$ 9,684,542	\$ 9,127,203	\$ 4,377,302
<u>19,453,222</u>	<u>20,804,609</u>	<u>12,605,874</u>	<u>15,052,449</u>	<u>13,887,393</u>	<u>11,787,479</u>
<u>\$ 33,997,125</u>	<u>\$ 36,227,123</u>	<u>\$ 21,804,241</u>	<u>\$ 24,736,991</u>	<u>\$ 23,014,596</u>	<u>\$ 16,164,781</u>
\$ 28,753,440	\$ 27,729,952	\$ 27,678,861	\$ 25,591,885	\$ 23,761,108	\$ 22,326,922
50.58%	55.62%	33.23%	37.84%	38.41%	19.61%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM**

FOR THE YEAR ENDED AUGUST 31, 2023

	Fiscal Year Ended August 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 1,744,777	\$ 1,492,817	\$ 1,191,049
Contribution in relation to the contractually required contribution	<u>(1,744,777)</u>	<u>(1,492,817)</u>	<u>(1,191,049)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 40,324,641	\$ 37,242,779	\$ 33,904,909
Contributions as a percentage of covered payroll	4.33%	4.01%	3.51%

Note: This schedule is required to have 10 years of information, but the information prior to fiscal year 2015 is not available.

Fiscal Year Ended August 31,					
2020	2019	2018	2017	2016	2015
\$ 1,140,989	\$ 980,350	\$ 946,437	\$ 942,838	\$ 814,257	\$ 764,556
<u>(1,140,989)</u>	<u>(980,350)</u>	<u>(946,437)</u>	<u>(942,838)</u>	<u>(814,257)</u>	<u>(764,556)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 32,505,449	\$ 28,753,440	\$ 27,729,952	\$ 27,678,861	\$ 25,591,885	\$ 23,761,108
3.51%	3.41%	3.41%	3.41%	3.18%	3.22%

**ELGIN INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2023

	Measurement Year Ended August 31,		
	2022	2021	2020
District's proportion of the net OPEB liability (asset)	0.0422%	0.0379%	0.0387%
District's proportionate share of net OPEB liability (asset)	\$ 10,100,323	\$ 14,609,301	\$ 14,693,360
States proportionate share of the net OPEB liability (asset) associated with the District	<u>12,320,807</u>	<u>19,573,208</u>	<u>19,744,354</u>
Total	<u>\$ 22,421,130</u>	<u>\$ 34,182,509</u>	<u>\$ 34,437,714</u>
District's covered employee payroll	\$ 37,242,779	\$ 33,909,304	\$ 32,505,449
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee	27.12%	43.08%	45.20%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%

Note: This schedule is required to have 10 years of information, but the information prior to measurement year 2017 is not available.

Measurement Year Ended August 31,		
<u>2019</u>	<u>2018</u>	<u>2017</u>
0.0363%	0.0359%	0.0364%
\$ 17,186,537	\$ 17,947,152	\$ 15,829,161
<u>22,837,063</u>	<u>22,664,976</u>	<u>20,614,642</u>
<u>\$ 40,023,600</u>	<u>\$ 40,612,128</u>	<u>\$ 36,443,803</u>
\$ 28,753,440	\$ 27,729,952	\$ 27,678,861
59.77%	64.72%	57.19%
2.66%	1.57%	0.91%

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
TEACHER RETIREMENT SYSTEM**

FOR THE YEAR ENDED AUGUST 31, 2023

	Fiscal Year Ended August 31,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 386,894	\$ 346,467	\$ 295,547
Contribution in relation to the contractually required contribution	<u>(386,894)</u>	<u>(346,467)</u>	<u>(295,547)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 40,324,641	\$ 37,242,779	\$ 33,904,909
Contributions as a percentage of covered employee payroll	0.96%	0.93%	0.87%

Note: This schedule is required to have 10 years of information, but the information prior to fiscal year 2018 is not available.

Fiscal Year Ended August 31,		
2020	2019	2018
\$ 294,305	\$ 257,557	\$ 241,095
<u>(294,305)</u>	<u>(257,557)</u>	<u>(241,095)</u>
\$ -	\$ -	\$ -
\$ 32,505,449	\$ 28,753,440	\$ 27,729,952
0.91%	0.90%	0.87%

**ELGIN INDEPENDENT SCHOOL DISTRICT**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2023

**Budgetary Information**

Budgets are prepared annually for the General Fund, Debt Service Fund, and Food Service Fund (special revenue fund) on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by August 20th and is adopted by the Board at a public meeting after ten days public notice of the meeting has been given. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was amended by the Board as needed throughout the year.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31st, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. There were no material outstanding encumbrances at August 31, 2023 that were provided for in the subsequent year's budget.

## **COMBINING STATEMENTS**

**ELGIN SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

AUGUST 31, 2023

Data Control Codes	206 Education for Homeless Children & Youth	211 Title I Grants to Local Education Agencies	224 Special Education Grants to States	225 Special Education Preschool Grants
<b>ASSETS</b>				
1110	-	-	-	-
1240	114	68,658	80,481	-
1290	-	-	-	-
1310	-	-	-	-
1000	<u>114</u>	<u>68,658</u>	<u>80,481</u>	<u>-</u>
<b>LIABILITIES</b>				
2110	-	-	8,638	-
2160	114	7,063	44,890	-
2170	-	60,998	21,902	-
2200	-	597	5,051	-
2300	-	-	-	-
2000	<u>114</u>	<u>68,658</u>	<u>80,481</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable:				
3410	-	-	-	-
Restricted:				
3450	-	-	-	-
Committed:				
3590	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 114</u>	<u>\$ 68,658</u>	<u>\$ 80,481</u>	<u>\$ -</u>

240	242	244	255	263	265	272
National Breakfast and Lunch Program	Summer Food Service Program for Children	Career and Technical - Basic Grant	Improving Teacher Quality State Grants	English Lang. Acquisition State Grants	21st Century Community Learning Centers	Medical Assistant Program
\$ 2,504,039	\$ 629,890	\$ -	\$ -	\$ -	\$ -	\$ 106,559
228,681	-	-	19,863	5,223	71,036	-
1,909	-	-	-	-	-	-
41,125	-	-	-	-	-	-
<u>2,775,754</u>	<u>629,890</u>	<u>-</u>	<u>19,863</u>	<u>5,223</u>	<u>71,036</u>	<u>106,559</u>
94,662	-	-	-	-	3,427	-
105,228	-	-	-	-	34,718	-
-	-	-	19,863	5,223	28,841	-
2,155	-	-	-	-	4,050	-
-	-	-	-	-	-	106,559
<u>202,045</u>	<u>-</u>	<u>-</u>	<u>19,863</u>	<u>5,223</u>	<u>71,036</u>	<u>106,559</u>
41,125	-	-	-	-	-	-
2,532,584	629,890	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,573,709</u>	<u>629,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,775,754</u>	<u>\$ 629,890</u>	<u>\$ -</u>	<u>\$ 19,863</u>	<u>\$ 5,223</u>	<u>\$ 71,036</u>	<u>\$ 106,559</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2023

Data Control Codes	278	279	280	281	
	ARP Homeless 1 TEHCY	TCLAS ESSER III	ARP Homeless II	Education Stabilization Grant - ESSER II	
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	619	200	905	109,397
1290	Other receivables	-	-	-	-
1310	Inventories	-	-	-	-
1000	Total assets	<u>619</u>	<u>200</u>	<u>905</u>	<u>109,397</u>
<b>LIABILITIES</b>					
2110	Accounts payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	619	200	905	109,397
2200	Accrued expenditures	-	-	-	-
2310	Unearned revenues	-	-	-	-
2000	Total liabilities	<u>619</u>	<u>200</u>	<u>905</u>	<u>109,397</u>
<b>FUND BALANCES</b>					
Nonspendable:					
3410	Inventories	-	-	-	-
Restricted:					
3450	Federal or state grant restriction	-	-	-	-
Committed:					
3590	Campus activities	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 619</u>	<u>\$ 200</u>	<u>\$ 905</u>	<u>\$ 109,397</u>

282	288	289	385	410	429	461
Education Stabilization Grant - ESSER III	Office School Violence Prevention Program	Student Support and Academic Enrichment Program	State Supplemental Visually Impaired	Instructional Materials Allotment	State Funded Special Revenue	Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ 4,554	\$ 31	\$ 345,186
138,089	27,373	48,549	2,083	-	1,023	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>138,089</u>	<u>27,373</u>	<u>48,549</u>	<u>2,083</u>	<u>4,554</u>	<u>1,054</u>	<u>345,186</u>
-	4,866	35,907	-	-	-	9,032
51,668	-	-	-	-	-	7,154
80,616	22,507	12,642	2,083	-	1,023	-
5,805	-	-	-	-	-	-
-	-	-	-	4,554	31	-
<u>138,089</u>	<u>27,373</u>	<u>48,549</u>	<u>2,083</u>	<u>4,554</u>	<u>1,054</u>	<u>16,186</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	329,000
-	-	-	-	-	-	329,000
<u>\$ 138,089</u>	<u>\$ 27,373</u>	<u>\$ 48,549</u>	<u>\$ 2,083</u>	<u>\$ 4,554</u>	<u>\$ 1,054</u>	<u>\$ 345,186</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2023

	489	490	494	498
Data Control Codes	Big Green Grant	Workforce Solutions	Bastrop County Cares	Elgin Foundation
<b>ASSETS</b>				
1110 Cash and cash equivalents	\$ 1,384	\$ -	\$ 419	\$ -
1240 Due from other governments	-	-	-	-
1290 Other receivables	-	-	-	-
1310 Inventories	-	-	-	-
1000 Total assets	<u>1,384</u>	<u>-</u>	<u>419</u>	<u>-</u>
<b>LIABILITIES</b>				
2110 Accounts payable	-	-	-	-
2160 Accrued wages payable	-	-	-	-
2170 Due to other funds	-	-	-	-
2200 Accrued expenditures	-	-	-	-
2310 Unearned revenues	<u>1,384</u>	<u>-</u>	<u>419</u>	<u>-</u>
2000 Total liabilities	<u>1,384</u>	<u>-</u>	<u>419</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable:				
3410 Inventories	-	-	-	-
Restricted:				
3450 Federal or state grant restriction	-	-	-	-
Committed:				
3590 Campus activities	-	-	-	-
3000 Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total liabilities and fund balances	<u>\$ 1,384</u>	<u>\$ -</u>	<u>\$ 419</u>	<u>\$ -</u>

829	Total
Donations Scholarships	Nonmajor Governmental Funds
\$ -	\$ 3,592,062
-	802,294
-	1,909
-	41,125
<u>-</u>	<u>4,437,390</u>
-	156,532
-	250,835
-	366,819
-	17,658
-	112,947
<u>-</u>	<u>904,791</u>
-	41,125
-	3,162,474
<u>-</u>	<u>329,000</u>
<u>-</u>	<u>3,532,599</u>
<u>\$ -</u>	<u>\$ 4,437,390</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	206	211	224	225
	Education for Homeless Children & Youth	Title I Grants to Local Education Agencies	Special Education Grants to States	Special Education Preschool Grants
<b>REVENUES</b>				
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800 State program	-	-	-	-
5900 Federal program	<u>5,238</u>	<u>1,182,146</u>	<u>774,417</u>	<u>824</u>
5020 Total revenues	<u>5,238</u>	<u>1,182,146</u>	<u>774,417</u>	<u>824</u>
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	1,994	516,064	613,917	-
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and instructional staff development	2,065	628,715	-	-
0021 Instructional leadership	295	417	69,494	-
0023 School leadership	-	25,197	-	-
0031 Guidance, counseling and evaluation services	-	905	91,006	824
0032 Social work services	884	-	-	-
0033 Health services	-	-	-	-
0034 Student transportation	-	-	-	-
0035 Food services	-	-	-	-
0036 Extracurricular activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	-	-
0061 Community services	-	<u>10,848</u>	-	-
6030 Total expenditures	<u>5,238</u>	<u>1,182,146</u>	<u>774,417</u>	<u>824</u>
1100 Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 <b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
0100 <b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 <b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240	242	244	255	263	265	272
National Breakfast and Lunch Program	Summer Food Service Program for Children	Career and Technical - Basic Grant	Improving Teacher Quality State Grants	English Lang. Acquisition State Grants	21st Century Community Learning Centers	Medical Assistant Program
\$ 517,038	\$ 891	\$ -	\$ -	\$ -	\$ -	\$ -
44,135	-	-	-	-	-	-
<u>3,715,287</u>	<u>59,300</u>	<u>52,526</u>	<u>182,410</u>	<u>122,853</u>	<u>1,439,526</u>	<u>-</u>
<u>4,276,460</u>	<u>60,191</u>	<u>52,526</u>	<u>182,410</u>	<u>122,853</u>	<u>1,439,526</u>	<u>-</u>
-	-	46,130	-	68,841	775,381	-
-	-	-	-	-	-	-
-	-	2,500	180,408	28,939	-	-
-	-	-	-	-	142,305	-
-	-	-	2,002	-	354,031	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,938	-
-	-	-	-	-	91,383	-
3,822,337	50,239	-	-	-	-	-
-	-	3,896	-	-	-	-
-	-	-	-	-	-	-
37,990	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	25,073	72,488	-
<u>3,860,327</u>	<u>50,239</u>	<u>52,526</u>	<u>182,410</u>	<u>122,853</u>	<u>1,439,526</u>	<u>-</u>
<u>416,133</u>	<u>9,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
416,133	9,952	-	-	-	-	-
<u>2,157,576</u>	<u>619,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,573,709</u>	<u>\$ 629,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	278	279	280	281
	ARP Homeless 1 TEHCY	TCLAS ESSER III	ARP Homeless II	Education Stabilization Grant - ESSER II
<b>REVENUES</b>				
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800 State program	-	-	-	-
5900 Federal program	<u>19,450</u>	<u>8,016</u>	<u>24,371</u>	<u>2,038,791</u>
5020 Total revenues	<u>19,450</u>	<u>8,016</u>	<u>24,371</u>	<u>2,038,791</u>
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	-	7,466	-	1,955,045
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and instructional staff development	-	550	-	29,031
0021 Instructional leadership	-	-	-	25,003
0023 School leadership	-	-	-	24,736
0031 Guidance, counseling and evaluation services	-	-	-	-
0032 Social work services	19,450	-	24,371	-
0033 Health services	-	-	-	4,976
0034 Student transportation	-	-	-	-
0035 Food services	-	-	-	-
0036 Extracurricular activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	-	-
0061 Community services	-	-	-	-
6030 Total expenditures	<u>19,450</u>	<u>8,016</u>	<u>24,371</u>	<u>2,038,791</u>
1100 Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 <b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
0100 <b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 <b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

282	288	289	385	410	429	461
Education Stabilization Grant - ESSER III	Office School Violence Prevention Program	Student Support and Academic Enrichment Program	State Supplemental Visually Impaired	Instructional Materials Allotment	State Funded Special Revenue	Campus Activity Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,751
-	-	-	2,083	230,650	415,906	-
<u>2,888,679</u>	<u>170,335</u>	<u>266,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,888,679</u>	<u>170,335</u>	<u>266,653</u>	<u>2,083</u>	<u>230,650</u>	<u>415,906</u>	<u>257,751</u>
1,045,934	-	22,040	2,083	230,650	45,510	22,872
-	-	-	-	-	-	33,508
581,644	-	-	-	-	9,734	-
356,201	20,680	133,718	-	-	-	-
30,000	-	-	-	-	-	10,287
434,287	704	110,745	-	-	-	-
157,319	17,070	150	-	-	-	-
-	-	-	-	-	-	-
-	30,633	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	154,096
-	-	-	-	-	-	344
-	-	-	-	-	-	3,973
283,181	101,248	-	-	-	-	211
113	-	-	-	-	360,662	-
<u>2,888,679</u>	<u>170,335</u>	<u>266,653</u>	<u>2,083</u>	<u>230,650</u>	<u>415,906</u>	<u>225,291</u>
-	-	-	-	-	-	32,460
-	-	-	-	-	-	32,460
-	-	-	-	-	-	296,540
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,000</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	489	490	494	498
<u>Data Control Codes</u>	<u>Big Green Grant</u>	<u>Workforce Solutions</u>	<u>Bastrop County Cares</u>	<u>Elgin Foundation</u>
<b>REVENUES</b>				
5700 Local and intermediate sources	\$ 616	\$ 16,152	\$ 93	\$ 35,177
5800 State program	-	-	-	-
5900 Federal program	-	-	-	-
5020 Total revenues	<u>616</u>	<u>16,152</u>	<u>93</u>	<u>35,177</u>
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	616	16,152	-	31,877
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and instructional staff development	-	-	-	1,500
0021 Instructional leadership	-	-	-	-
0023 School leadership	-	-	-	-
0031 Guidance, counseling and evaluation services	-	-	-	1,800
0032 Social work services	-	-	93	-
0033 Health services	-	-	-	-
0034 Student transportation	-	-	-	-
0035 Food services	-	-	-	-
0036 Extracurricular activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	-	-
0061 Community services	-	-	-	-
6030 Total expenditures	<u>616</u>	<u>16,152</u>	<u>93</u>	<u>35,177</u>
1100 Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 <b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-
0100 <b>FUND BALANCES, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 <b>FUND BALANCES, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

829	Total
Donations Scholarships	Nonmajor Governmental Funds
\$ 2,080	\$ 829,798
-	692,774
<u>-</u>	<u>12,950,822</u>
<u>2,080</u>	<u>14,473,394</u>
-	5,402,572
-	33,508
-	1,465,086
-	748,113
-	446,253
-	640,271
-	219,337
-	8,914
-	122,016
-	3,872,576
2,080	160,072
-	344
-	41,963
-	384,640
<u>-</u>	<u>469,184</u>
<u>2,080</u>	<u>14,014,849</u>
<u>-</u>	<u>458,545</u>
-	458,545
<u>-</u>	<u>3,074,054</u>
<u>\$ -</u>	<u>\$ 3,532,599</u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

## **REQUIRED TEA SCHEDULES**

**ELGIN INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2023

For The Year Ended August 31,	1		2	3	10
	Tax Rates			Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 8/31/2022
	Maintenance	Debt Service			
2014 and prior years	Various	Various		Various	\$ 185,354
2015	1.170000	0.370000		943,149,397	32,106
2016	1.170000	0.370000		1,013,763,136	33,667
2017	1.170000	0.370000		1,055,525,950	43,848
2018	1.170000	0.370000		1,265,886,875	64,176
2019	1.170000	0.370000		1,400,853,381	86,689
2020	1.068300	0.450000		1,540,980,213	150,735
2021	1.012500	0.448200		1,722,980,353	269,898
2022	0.960300	0.468200		1,904,395,030	534,304
2023	0.942900	0.468200		2,629,225,994	-
1000 Totals					<u>\$ 1,400,777</u>
8000	Taxes Refunded under 26.1115				

**EXHIBIT J-1**

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2023
\$ -	\$ 1,651	\$ 522	\$ (17,732)	\$ 165,449
-	789	250	-	31,067
-	827	262	-	32,578
-	3,069	971	(234)	39,574
-	9,475	2,996	1,458	53,163
-	15,833	5,007	(607)	65,242
-	40,950	12,950	(1,217)	95,618
-	62,125	26,169	(41,712)	139,892
-	254,589	112,698	(72,878)	94,139
<u>37,101,008</u>	<u>23,844,855</u>	<u>11,623,817</u>	<u>(427,391)</u>	<u>1,204,945</u>
<u>\$ 37,101,008</u>	<u>\$ 24,234,163</u>	<u>\$ 11,785,642</u>	<u>\$ (560,313)</u>	<u>\$ 1,921,667</u>
	<u>\$ -</u>			

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL  
NATIONAL BREAKFAST AND LUNCH PROGRAM FUND

FOR THE YEAR ENDED AUGUST 31, 2023

		<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
		<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
					<u>Positive</u>
					<u>(Negative)</u>
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 447,500	\$ 447,500	\$ 517,038	\$ 69,538
5800	State program	85,000	25,000	44,135	19,135
5900	Federal program	<u>3,392,193</u>	<u>3,400,000</u>	<u>3,715,287</u>	<u>315,287</u>
5020	Total revenues	<u>3,924,693</u>	<u>3,872,500</u>	<u>4,276,460</u>	<u>403,960</u>
<b>EXPENDITURES</b>					
Current:					
0035	Food service	4,204,693	4,000,000	3,822,337	177,663
0051	Facilities maintenance and operations	<u>45,000</u>	<u>45,000</u>	<u>37,990</u>	<u>7,010</u>
6030	Total expenditures	<u>4,249,693</u>	<u>4,045,000</u>	<u>3,860,327</u>	<u>184,673</u>
1200	<b>NET CHANGE IN FUND BALANCES</b>	<u>(325,000)</u>	<u>(172,500)</u>	<u>416,133</u>	<u>588,633</u>
0100	<b>FUND BALANCES, BEGINNING</b>	<u>1,728,368</u>	<u>1,077,898</u>	<u>2,157,576</u>	<u>1,079,678</u>
3000	<b>FUND BALANCES, ENDING</b>	<u>\$ 1,403,368</u>	<u>\$ 905,398</u>	<u>\$2,573,709</u>	<u>\$ 1,668,311</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Local and intermediate sources	\$ 12,156,000	\$ 12,545,000	\$ 12,743,432	\$ 198,432
5800	State program	-	250,000	208,095	(41,905)
5020	Total revenues	<u>12,156,000</u>	<u>12,795,000</u>	<u>12,951,527</u>	<u>156,527</u>
<b>EXPENDITURES</b>					
Debt service:					
0071	Principal on long-term debt	11,609,217	3,540,003	3,350,000	190,003
0072	Interest on long-term debt	-	7,649,217	7,649,217	-
0073	Bond issuance costs and fees	-	10,780	10,780	-
6030	Total expenditures	<u>11,609,217</u>	<u>11,200,000</u>	<u>11,009,997</u>	<u>190,003</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>546,783</u>	<u>1,595,000</u>	<u>1,941,530</u>	<u>346,530</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
8940	Payment on bond refunding escrow agent	-	(1,025,000)	(1,006,539)	18,461
7080	Total other financing sources (uses)	-	<u>(1,025,000)</u>	<u>(1,006,539)</u>	<u>18,461</u>
1200	<b>NET CHANGE IN FUND BALANCES</b>	<u>546,783</u>	<u>570,000</u>	<u>934,991</u>	<u>364,991</u>
0100	<b>FUND BALANCES, BEGINNING</b>	<u>1,433,386</u>	<u>3,581,041</u>	<u>4,195,489</u>	<u>614,448</u>
3000	<b>FUND BALANCES, ENDING</b>	<u>\$ 1,980,169</u>	<u>\$ 4,151,041</u>	<u>\$ 5,130,480</u>	<u>\$ 979,439</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED AUGUST 31, 2023

**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?		Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?		Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$	6,322,995
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$	3,396,438

**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.	\$	1,586,042
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$	950,579

## **COMPLIANCE SECTION**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**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**

Board of Trustees  
Elgin Independent School District  
Elgin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elgin Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Elgin Independent School District's basic financial statements, and have issued our report thereon dated December 11, 2023.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Elgin 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 Elgin Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Elgin 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.

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Elgin 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Elgin Independent School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Elgin Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas  
December 11, 2023

---

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees  
Elgin Independent School District  
Elgin, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Elgin Independent School District's (the "District") 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 Elgin Independent School District's major federal programs for the year ended August 31, 2023. Elgin 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, Elgin Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Elgin 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 Elgin 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 Elgin Independent School District's federal programs.

## ***Auditor's Responsibilities for 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 Elgin 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 GAAS, *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 for 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 Elgin Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Elgin 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 Elgin 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 Elgin 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.

## ***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 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 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.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
December 11, 2023

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT K-1**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2023

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Federal Expenditures
<b><u>U . S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the Texas Education Agency:			
School Breakfast Program (SBP)	10.553	71402201	\$ 126,306
School Breakfast Program (SBP)	10.553	71402301	<u>923,666</u>
Subtotal for 10.553			<u>1,049,972</u>
National School Lunch Program (NSLP)	10.555	71302201	286,185
National School Lunch Program (NSLP)	10.555	71302301	<u>2,021,970</u>
Subtotal for 10.555			<u>2,308,155</u>
Total Passed through the Texas Education Agency			<u>3,358,127</u>
Passed through the Texas Department of Agriculture:			
Non-cash assistance - Food Distribution Program	10.555	NT4XL1YGLGC5	248,584
COVID-19 Supply Chain Assistance Program	10.555	00033	<u>105,441</u>
Subtotal for 10.555			<u>354,025</u>
Summer Food Service Program for Children	10.559	00033	59,300
COVID-19 EBT Administrative Expense Reimbursement	10.649	NT4XL1YGLGC5	<u>3,135</u>
Total Passed through the Texas Department of Agriculture			<u>416,460</u>
Total Child Nutrition Cluster			<u>3,771,452</u>
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<u>3,774,587</u>
<b><u>U . S. DEPARTMENT OF JUSTICE</u></b>			
Direct Award:			
Public Safety Partnership and Community Policing Grants	16.710	2020SVWX0092	123,660
STOP School Violence	16.839	N/A	<u>28,286</u>
Total Direct Award			<u>151,946</u>
<b>TOTAL U. S. DEPARTMENT OF JUSTICE</b>			<u>151,946</u>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>			
Passed through the Texas Education Agency:			
Title I Grants to Local Educational Agencies	84.010A	23610101011902	1,005,331
Title I Grants to Local Educational Agencies	84.010A	24610101011902	47,815
Title I. 1003 School Improvement	84.010A	23610141011902	<u>129,000</u>
Subtotal for 84.010A			<u>1,182,146</u>
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	236600010119026600	<u>774,417</u>
Subtotal for 84.027			<u>774,417</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT K-1**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2023

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION (continued)</b>			
Passed through the Texas Education Agency (continued):			
Special Education Preschool Grants (IDEA - Part B, Preschool)	84.173A	236610010119026610	\$ 824
Total Special Education (IDEA) Cluster			<u>775,241</u>
Career and Technical Education - Basic Grants to States	84.048A	22420006011902	52,526
Education for Homeless Children and Youth	84.196A	234600057110027	5,238
Twenty-First Century Community Learning Centers	84.287C	236950307110021	<u>1,509,192</u>
Subtotal for 84.287C			<u>1,509,192</u>
English Language Acquisition Federal Grants	84.365A	23671001011902	<u>129,373</u>
Subtotal for 84.365A			<u>129,373</u>
Title II, Part A - Supporting Effective Instruction Federal Grants	84.367A	23694501011902	<u>182,786</u>
Subtotal for 84.367A			<u>182,786</u>
LEP Summer School	84.369A	69552102	7,194
LEP Summer School	84.369A	69552202	<u>7,396</u>
Subtotal for 84.369A			<u>14,590</u>
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	23680101011902	<u>54,457</u>
Subtotal for 84.424A			<u>54,457</u>
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	21521001011902	2,038,791
COVID-19 Education Stabilization Fund (ESSER III)	84.425U	21528001011902	2,888,679
COVID-19 ARP TCLAS - (ESSER III)	84.425U	21528042011902	8,016
COVID-19 ARP Homeless I - TEHCY Supplement	84.425W	215330017110027	20,443
COVID-19 ARP Homeless II	84.425W	21533002011902	<u>24,371</u>
Subtotal for 84.425			<u>4,980,300</u>
Total Passed through the Texas Education Agency			<u>8,885,849</u>
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<u>8,885,849</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Texas Workforce Commission:			
Substance Abuse and Mental Health Service Project	93.243	1H79SM084264-01	<u>19,918</u>
Total Passed through Texas Workforce Commission			<u>19,918</u>
Passed through the Texas Education Agency:			
Aware Expansion	93.243	224710017110001	<u>197,606</u>
Total Passed through the Texas Education Agency			<u>197,606</u>
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>217,524</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ <u>13,029,906</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2023

**1. GENERAL**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Elgin Independent School District. The District’s reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**2. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The District’s significant account policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The information in the schedule is presented in accordance with the 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). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**3. PASS-THROUGH EXPENDITURES**

None of the federal programs expended by the District were provided to subrecipients.

**4. INDIRECT COSTS**

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**5. RECONCILIATION OF FEDERAL REVENUES**

The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the year ended August 31, 2023:

Federal revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds (Exhibit C-3)	\$ 14,126,078
School health and related services revenue	<u>(1,096,172)</u>
Federal expenditures on the Schedule of Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 13,029,906</u>

**ELGIN INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED AUGUST 31, 2023**

**Summary of Auditor's Results**

**Financial Statements:**

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness	None reported
Material noncompliance to the financial statements noted?	None

**Federal Awards:**

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness	None reported

Type of auditor's report on compliance  
for major programs Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with 2 CFR 200.516(a)? None

**Identification of major programs:**

Assistance Listing Numbers:	Name of Federal Program or Cluster:
84.287	21st Century Community Learning Center
84.425	Education Stabilization Fund Elementary and Secondary School Emergency Relief (ESSER) - COVID-19

Dollar threshold used to distinguish between type A  
and type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

**Findings Relating to the Financial Statements Which are Required to be Reported in  
Accordance With Generally Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for Federal Awards**

None

**ELGIN INDEPENDENT SCHOOL DISTRICT**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2023

None.