

ELGIN INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

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

ELGIN INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
Introductory Section		
	Certificate of Board	1
Financial Section		
	Independent Auditor's Report	2
	Management's Discussion and Analysis	5
Basic Financial Statements:		
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
Required Supplementary Information		
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
Combining Statements	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	60
H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	66
Required TEA Schedules	
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
Federal Awards Section	
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, 2022, at a meeting of the Board of Trustees of such school district on the 19th day of December, 2022.


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, 2022, 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, 2022, 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, 2022, Elgin Independent School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. 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 Responsibility 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 19, 2022 on our consideration of the 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 19, 2022

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2022. 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, 2022 was \$23,970,525.
- The fund balance for the General Fund at August 31, 2022 was \$24,358,242, an increase of \$3,304,989 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, 2022, the District's combined assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$23,970,525, which is an increase of \$14,146,793 from the prior year combined net position of approximately \$9,823,732.

Net position at August 31, 2022 as compared to August 31, 2021, can be presented as follows:

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

	Governmental Activities	
	2022	2021
Assets:		
Current and other assets	\$ 213,326,833	\$ 29,783,556
Capital assets	<u>68,030,695</u>	<u>59,045,147</u>
Total assets	<u>281,357,528</u>	<u>88,828,703</u>
Deferred Outflows of Resources:		
Deferred charges on bond refunding	689,768	917,271
Teach Retirement System	<u>8,328,875</u>	<u>9,295,666</u>
Total deferred outflows of resources	<u>9,018,643</u>	<u>10,212,937</u>
Liabilities:		
Long-term liabilities	242,034,328	65,752,712
Other liabilities	<u>5,183,818</u>	<u>10,397,906</u>
Total liabilities	<u>247,218,146</u>	<u>76,150,618</u>
Deferred Inflows of Resources:		
Deferred charges on bond refunding	690,927	-
Related to leases	4,121	-
Teacher Retirement System	<u>18,492,452</u>	<u>13,067,290</u>
Total deferred inflows of resources	<u>19,187,500</u>	<u>13,067,290</u>
Net position:		
Net investment in capital assets	23,743,400	19,254,207
Restricted	6,701,605	3,304,276
Unrestricted	<u>(6,474,480)</u>	<u>(12,734,751)</u>
Total net position	<u>\$ 23,970,525</u>	<u>\$ 9,823,732</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 59.84% in the last five years. Enrollment has increased by 15.62% over the last five years (Fiscal Year 2017-18 through Fiscal Year 2021-2022).

Enrollment has increased by 15.62% over the last five years (Fiscal Year 2017-2018 through Fiscal Year 2021-2022). 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 \$23,743,400. 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, \$6,701,605, 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

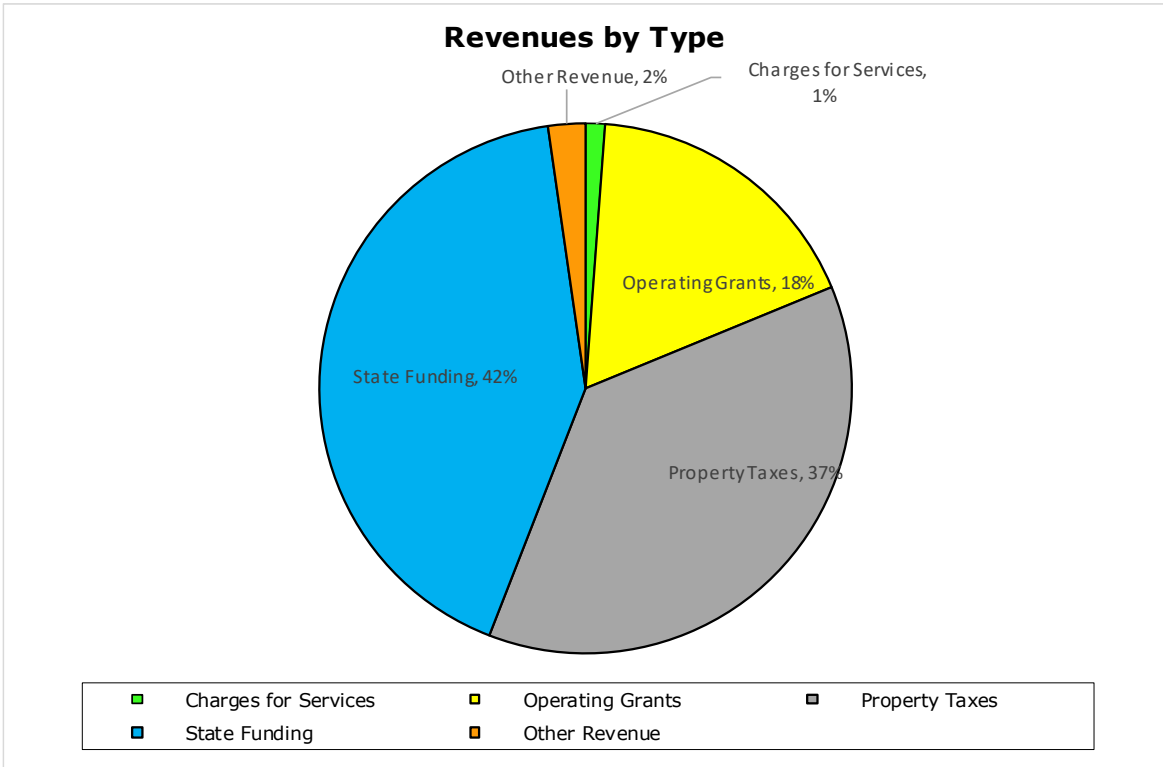
Governmental activities increased the District's net position by \$14,146,793 for the year ended August 31, 2022.

Key elements of this increase are as follows:

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

	Governmental Activities	
	2022	2021
REVENUES		
Program revenues:		
Charges for services	\$ 879,282	\$ 550,128
Operating grants and contributions	13,210,984	12,294,882
General revenues:		
Property taxes	27,878,608	23,575,016
State aid - formula grants	31,418,852	29,627,218
Investment earnings	1,068,517	227,719
Miscellaneous	633,110	441,570
Total revenues	75,089,353	66,716,533
EXPENSES		
Instruction	29,694,871	31,988,034
Instructional resources and media services	551,864	585,575
Student support services	18,318,815	17,545,422
General administration	2,405,511	2,403,419
Support services	6,937,229	6,873,508
Community services	591,725	556,092
Facilities acquisition and construction	33,140	-
Debt service - interest & fees	3,883,055	1,243,892
Other	342,755	318,895
Total expenses	62,758,965	61,514,837
CHANGE IN NET POSITION	12,330,388	5,201,696
NET POSITION, BEGINNING	9,823,732	4,622,036
PRIOR PERIOD ADJUSTMENT	1,816,405	-
NET POSITION, ENDING	\$ 23,970,525	\$ 9,823,732

Overall property taxes account for 37% of the District's revenue sources while state funding represents 42%. Operating grants account for 18% 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 \$207,648,390. Of this amount, \$21,138,626 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 \$4,195,489, all of which is restricted for the payment of debt service.

The Capital Projects Fund has a total fund balance of \$176,020,605, 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 \$3,074,054, an increase of \$999,851 since last year.

BUDGETARY HIGHLIGHTS

The District had general fund budget amendments during the 2021-22 fiscal year that increased the budgeted expenditures by \$4,317,096. 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, 2022 amounts to \$68,030,695 (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)

	2022	2021
Land	\$ 8,914,610	\$ 1,485,355
Construction in progress	5,313,939	446,203
Building & improvements	50,547,724	53,864,043
Right to use - equipment	501,913	-
Furniture & equipment	2,752,509	3,249,546
Totals	<u>\$ 68,030,695</u>	<u>\$ 59,045,147</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 \$220.3 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 2021 (Fiscal Year 2021-2022) to \$1.957 billion, an increase of 20.58%.
- Certified net taxable property value increased for tax year 2022 (Fiscal Year 2022-2023) to \$2.645 billion, an increase of 35.12%
- The General Fund budget for operating expenditures was \$56,373,000 for 2022-2023, an increase of 9.4%.
- The District budgeted an enrollment of 5,350 students for Fiscal Year 2022-2021, an increase of 354 students of 7.09% for 2022-2023.

These indicators were taken into account when adopting the General Fund operating budget for 2022-2023. In the original approved budget, the District's Board of Trustees approved a balanced budget with estimated revenues and expenditures of \$56,373,000.

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 \$0.9429 and a debt service rate of \$0.4682 for a total tax rate of \$1.411, for the 2022-2023 fiscal year. This results in a reduction of 1.74 cents per \$100 valuation.

The District provided raises for all employees of 2% increase based on the midpoint of their pay scale. The District also increased the minimum starting rate to \$15.00 per hour for hourly workers.

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 exceeded the moderate projections from the District's Demographers the past two years.

The District held a bond election in November 2021, where two of the three propositions passed. Development and planning for the bond projects is underway with construction to start in early 2023 on the EHS renovations, Elementary #4 and #5 campuses, transportation facility, and the multi-purpose facility.

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.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

ELGIN INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

AUGUST 31, 2022

Data Control Codes		Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 207,508,681
1220	Property taxes receivable (delinquent)	1,400,777
1230	Allowance for uncollectible taxes	(459,455)
1240	Due from other governments	4,749,896
1290	Other receivables	7,755
1300	Inventories	86,836
1410	Prepaid items	32,343
	Capital assets:	
1510	Land	8,914,610
1520	Buildings and improvements, net	50,547,724
1530	Furniture and equipment, net	2,752,509
1550	Right to use, net	501,913
1580	Construction in progress	<u>5,313,939</u>
1000	Total assets	<u>281,357,528</u>
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred loss on bond refundings	689,768
1705	Related to TRS pensions	4,422,199
1706	Related to TRS other post-employment benefit	<u>3,906,676</u>
1700	Total deferred outflows of resources	<u>9,018,643</u>
LIABILITIES		
2110	Accounts payable	1,721,142
2140	Interest payable	450,818
2150	Payroll deductions and withholdings	308,549
2160	Accrued wages payable	2,322,219
2180	Due to other governments	2,892
2200	Accrued expenditures	263,622
2300	Unearned revenue	114,576
	Noncurrent liabilities:	
	Due within one year:	
2501	Long-term debt	4,252,578
	Due in more than one year:	
2502	Long-term debt	216,054,163
2540	Net pension liability (proportionate share)	7,118,286
2545	Net other post-employment benefit liability (proportionate share)	<u>14,609,301</u>
2000	Total liabilities	<u>247,218,146</u>
DEFERRED INFLOWS OF RESOURCES		
2601	Deferred gain on bond refunding	690,927
2602	Related to leases	4,121
2605	Related to TRS pensions	7,746,767
2606	Related to TRS other post-employment benefit	<u>10,745,685</u>
2600	Total deferred inflows of resources	<u>19,187,500</u>
NET POSITION		
3200	Net investment in capital assets	23,743,400
	Restricted for:	
3820	Federal and state programs	2,690,678
3850	Debt service	4,010,927
3900	Unrestricted	<u>(6,474,480)</u>
3000	Total net position (deficit)	<u>\$ 23,970,525</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, 2022

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services
Primary government:			
Governmental activities:			
11	Instruction	\$ 29,694,871	\$ 279,615
12	Instructional resources and media services	551,864	-
13	Curriculum and staff development	1,590,970	2,662
21	Instructional leadership	2,370,753	-
23	School leadership	4,010,322	-
31	Guidance, counseling, and evaluation services	2,100,501	-
32	Social work services	223,429	-
33	Health services	347,208	-
34	Student transportation	2,389,677	-
35	Food service	3,634,106	189,167
36	Extracurricular activities	1,651,849	367,557
41	General administration	2,405,511	40,281
51	Facilities maintenance and operations	5,351,706	-
52	Security and monitoring services	643,846	-
53	Data processing services	941,677	-
61	Community services	591,725	-
72	Interest on long-term debt	2,617,014	-
73	Bond issuance costs and fees	1,266,041	-
93	Payments related to shared services arrangements	33,140	-
99	Other intergovernmental charges	342,755	-
	[TP] Total primary government	\$ <u>62,758,965</u>	\$ <u>879,282</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		
MI	Miscellaneous		
TR	Total general revenues		
CN	Change in net position		
NB	Net position, beginning		
PA	Prior period adjustment		
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
\$ 4,688,634	\$(24,726,622)
4,185	(547,679)
1,019,345	(568,963)
636,946	(1,733,807)
316,145	(3,694,177)
522,329	(1,578,172)
85,039	(138,390)
1,003,583	656,375
53,170	(2,336,507)
4,245,633	800,694
(6,535)	(1,290,827)
(20,443)	(2,385,673)
(44,782)	(5,396,488)
67,561	(576,285)
(9,223)	(950,900)
306,221	(285,504)
329,631	(2,287,383)
-	(1,266,041)
13,545	(19,595)
-	(342,755)
<u>\$ 13,210,984</u>	<u>\$(48,668,699)</u>

18,701,098
9,177,510
31,418,852
1,068,517
<u>633,110</u>
<u>60,999,087</u>
<u>12,330,388</u>
<u>9,823,732</u>
<u>1,816,405</u>
<u>\$ 23,970,525</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
ASSETS			
1110	\$ 23,372,549	\$ 4,192,891	\$ 176,815,723
1220	1,004,563	396,214	-
1230	(329,497)	(129,958)	-
1240	3,814,190	10,171	-
1260	354,056	-	-
1290	4,230	-	-
1300	-	-	-
1410	32,343	-	-
1000	<u>28,252,434</u>	<u>4,469,318</u>	<u>176,815,723</u>
LIABILITIES			
2110	753,169	3,750	795,118
2150	308,549	-	-
2160	1,907,709	-	-
2170	-	-	-
2180	2,892	-	-
2200	242,686	-	-
2300	-	3,823	-
2000	<u>3,215,005</u>	<u>7,573</u>	<u>795,118</u>
DEFERRED INFLOWS OF RESOURCES			
2601	675,066	266,256	-
2602	4,121	-	-
2600	<u>679,187</u>	<u>266,256</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
3410	-	-	-
3430	32,343	-	-
Restricted:			
3450	-	-	-
3470	-	-	176,020,605
3480	-	4,195,489	-
Committed:			
3545	-	-	-
Assigned:			
3550	2,979,172	-	-
3590	208,101	-	-
3600	<u>21,138,626</u>	<u>-</u>	<u>-</u>
3000	<u>24,358,242</u>	<u>4,195,489</u>	<u>176,020,605</u>
4000	<u>\$ 28,252,434</u>	<u>\$ 4,469,318</u>	<u>\$ 176,815,723</u>

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

Other Funds	Total Governmental Funds
\$ 3,127,518	\$ 207,508,681
-	1,400,777
-	(459,455)
925,535	4,749,896
-	354,056
3,525	7,755
86,836	86,836
-	32,343
<u>4,143,414</u>	<u>213,680,889</u>
169,105	1,721,142
-	308,549
414,510	2,322,219
354,056	354,056
-	2,892
20,936	263,622
<u>110,753</u>	<u>114,576</u>
<u>1,069,360</u>	<u>5,087,056</u>
-	941,322
-	4,121
-	<u>945,443</u>
86,836	86,836
-	32,343
2,690,678	2,690,678
-	176,020,605
-	4,195,489
296,540	296,540
-	2,979,172
-	208,101
-	21,138,626
<u>3,074,054</u>	<u>207,648,390</u>
<u>\$ 4,143,414</u>	<u>\$ 213,680,889</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, 2022

Total fund balances - governmental funds	\$ 207,648,390
Amounts reported for 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.	68,030,695
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	941,322
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	(198,270,000)
Unamortized premium	(18,648,918)
Loans payable - SECO	(2,355,354)
Notes payable	(580,205)
Leases	(452,264)
Deferred (gain)/loss on refunding	(1,159)
4 Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(450,818)
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.	
Net pension liability - proportionate share	(7,118,286)
Deferred outflows related to pensions	4,422,199
Deferred inflows related to pensions	(7,746,767)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75.	
Net OPEB liability - proportionate share	(14,609,301)
Deferred outflows related to OPEB	3,906,676
Deferred inflows related to OPEB	<u>(10,745,685)</u>
Net position of governmental activities	\$ <u>23,970,525</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund
REVENUES				
5700	Local and intermediate sources	\$ 19,862,683	\$ 9,209,065	\$ 890,075
5800	State program	33,841,024	329,631	-
5900	Federal program	<u>1,078,387</u>	-	-
5020	Total revenues	<u>54,782,094</u>	<u>9,538,696</u>	<u>890,075</u>
EXPENDITURES				
Current:				
0011	Instruction	25,608,116	-	-
0012	Instructional resources and media services	553,731	-	-
0013	Curriculum and instructional staff development	616,391	-	-
0021	Instructional leadership	1,752,003	-	-
0023	School leadership	3,722,959	-	-
0031	Guidance, counseling and evaluation services	1,582,492	-	-
0032	Social work services	144,167	-	-
0033	Health services	338,323	-	-
0034	Student (pupil) transportation	2,380,606	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	1,434,832	-	-
0041	General administration	2,354,953	-	-
0051	Facilities maintenance and operations	5,191,257	-	-
0052	Security and monitoring services	571,113	-	-
0053	Data processing services	865,379	-	-
0061	Community services	300,111	-	-
Debt service:				
0071	Principal on long term debt	988,547	5,735,000	-
0072	Interest on long term debt	76,987	3,409,843	-
0073	Bond issuance costs and fees	-	69,666	1,196,375
Capital outlay:				
0081	Facilities acquisition and construction	4,895,513	-	7,629,470
Intergovernmental:				
0093	Payments related to shared services arrangements	33,140	-	-
0099	Other intergovernmental charges	<u>342,755</u>	-	-
6030	Total expenditures	<u>53,753,375</u>	<u>9,214,509</u>	<u>8,825,845</u>
1100	Excess (deficiency) of revenues over (under) expenditures	1,028,719	324,187	(7,935,770)
OTHER FINANCING SOURCES (USES)				
7911	Capital-related debt issued	-	7,830,000	171,240,000
7913	Lease issued	459,842	-	-
7916	Premium on issuance of bonds	-	4,256,691	12,716,375
8940	Payment on bond refunding escrow agent	-	(9,660,130)	-
7080	Total other financing sources (uses)	<u>459,842</u>	<u>2,426,561</u>	<u>183,956,375</u>
1200	NET CHANGE IN FUND BALANCES	1,488,561	2,750,748	176,020,605
0100	FUND BALANCES, BEGINNING	<u>21,053,276</u>	<u>1,444,741</u>	-
1300	PRIOR PERIOD ADJUSTMENT	<u>1,816,405</u>	-	-
3000	FUND BALANCES, ENDING	<u>\$ 24,358,242</u>	<u>\$ 4,195,489</u>	<u>\$ 176,020,605</u>

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

Other Funds	Total Governmental Funds
\$ 498,785	\$ 30,460,608
257,177	34,427,832
<u>12,133,534</u>	<u>13,211,921</u>
<u>12,889,496</u>	<u>78,100,361</u>
5,020,972	30,629,088
11,523	565,254
1,025,014	1,641,405
656,728	2,408,731
380,736	4,103,695
540,015	2,122,507
87,195	231,362
15,142	353,465
86,566	2,467,172
3,444,372	3,444,372
176,852	1,611,684
3,038	2,357,991
40,964	5,232,221
74,122	645,235
-	865,379
312,861	612,972
-	6,723,547
-	3,486,830
-	1,266,041
13,545	12,538,528
-	33,140
-	<u>342,755</u>
<u>11,889,645</u>	<u>83,683,374</u>
999,851	(5,583,013)
-	179,070,000
-	459,842
-	16,973,066
-	<u>(9,660,130)</u>
<u>-</u>	<u>186,842,778</u>
999,851	181,259,765
<u>2,074,203</u>	<u>24,572,220</u>
-	<u>1,816,405</u>
<u>\$ 3,074,054</u>	<u>\$ 207,648,390</u>

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, 2022

Net change in fund balances - total governmental funds	\$ 181,259,765
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	13,159,362
Depreciation on capital assets	(4,277,806)
Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds.	
Property taxes	(1,091)
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	6,723,547
Proceeds from bond issuance	(179,070,000)
Premium on bond issuance	(16,973,066)
Leases	(459,842)
Payment to bond refunding escrow agent	9,660,130
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 on refunding of bonds payable	355,490
Accrued interest on capital appreciation bonds	744,425
Accrued interest payable	(230,099)
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 \$1,492,817. 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 \$1,193,721. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense increased the change in net position by (\$407,422). The net result is an increase in the change in net position.	
	706,518
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 \$346,467. 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 \$295,885. 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 (\$682,473). The net result is an increase in the change in net position.	
	<u>733,055</u>
Change in net position of governmental activities	\$ <u>12,330,388</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

AUGUST 31, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>31,658</u>
Total assets	<u>31,658</u>
NET POSITION	
Restricted for student groups	<u>31,658</u>
Total net position	\$ <u><u>31,658</u></u>

ELGIN INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Custodial Fund</u>
ADDITIONS	
Enterprising services	\$ <u>17,788</u>
Total additions	<u>17,788</u>
DEDUCTIONS	
Other expenses	<u>18,520</u>
Total deductions	<u>18,520</u>
NET INCREASE (DECREASE) INFIDUCIARY NET POSITION	(732)
NET POSITION, BEGINNING	<u>32,390</u>
NET POSITION, ENDING	\$ <u>31,658</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

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 froms 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 froms 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.

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. 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 include land, construction in progress, buildings and improvements, and furniture and equipment, 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 depreciated using the straight line method over the following estimated useful lives: buildings and improvements - 10 to 30 years, furniture and equipment - 5 to 15 years. Capital assets 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

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

The District has entered into various lease agreements as either lessee and lessor. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease 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 and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee. The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease 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 two 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 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.

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, 2022 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. 87, Leases, was adopted effective September 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases 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, liabilities and deferred inflows 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, 2022, the carrying amount of the District's deposits was \$9,070,251 and the bank balance was \$9,319,512.

The District's deposits with financial institutions at August 31, 2022 and during the year ended August 31, 2022 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, 2022 consisted of the following:

<u>Investment Type</u>	<u>Rating</u>	<u>Weighted Average Maturity (Days)</u>	<u>Reported Value</u>
TexasDAILY	AAAf	59	\$ 5,267
Lone Star	AAA	54	198,464,821
Total Investments			<u>\$ 198,470,088</u>

The District had investments in two external local government investment pools at August 31, 2022: 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, 2022, 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, 2022, 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, 2022, 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, 2021, upon which the October 2021 levy was based, was \$1,588,996,000. The District levied taxes based on a combined tax rate of \$1.4285 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 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, 2022.

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, 2022.

	General Fund	Debt Service Fund	Nonmajor Governmental Funds
Federal and state grants	\$ 3,787,848	\$ -	\$ 925,535
Other	<u>26,342</u>	<u>10,171</u>	<u>-</u>
Total	<u>\$ 3,814,190</u>	<u>\$ 10,171</u>	<u>\$ 925,535</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, 2022, the value of the lease receivable is \$3,460. 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, 2022 was \$4,121, and Elgin Independent School District, TX recognized lease revenue of \$521 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, 2022, was as follows:

	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,485,355	\$ 7,429,355	\$(100)	\$ 8,914,610
Construction in progress	446,203	5,040,316	(172,580)	5,313,939
Total capital assets, not being depreciated	<u>1,931,558</u>	<u>12,469,671</u>	<u>(172,680)</u>	<u>14,228,549</u>
Capital assets, being depreciated:				
Buildings and improvements	108,865,926	27,945	172,580	109,066,451
Furniture and equipment	9,332,160	201,904	(221,386)	9,312,678
Right to use - equipment	103,992	459,842	-	563,834
Total capital assets, being depreciated	<u>118,302,078</u>	<u>689,691</u>	<u>(48,806)</u>	<u>118,942,963</u>
Less accumulated depreciation for:				
Buildings and improvements	(55,001,883)	(3,516,844)	-	(58,518,727)
Furniture and equipment	(6,082,614)	(699,041)	221,486	(6,560,169)
Right to use - equipment	-	(61,921)	-	(61,921)
Total accumulated depreciation	<u>(61,084,497)</u>	<u>(4,277,806)</u>	<u>221,486</u>	<u>(65,140,817)</u>
Total capital assets, being depreciated, net	<u>57,217,581</u>	<u>(3,588,115)</u>	<u>172,680</u>	<u>53,802,146</u>
Governmental activities capital assets, net	<u>\$ 59,149,139</u>	<u>\$ 8,881,556</u>	<u>\$ -</u>	<u>\$ 68,030,695</u>

Governmental activities:

Instruction	\$ 2,106,955
Instructional resources and media services	46,244
Curriculum and staff development	51,476
Instructional leadership	146,315
School leadership	310,915
Guidance, counseling and evaluation services	132,159
Social work services	12,040
Health services	28,255
Student transportation	198,812
Food services	287,650
Extracurricular activities	119,827
General administration	196,669
Facilities maintenance and operations	433,538
Security and monitoring services	47,696
Data processing services	134,192
Community services	<u>25,063</u>

Total depreciation expense - governmental activities \$ 4,277,806

F. Interfund Balances and Activities

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, 2022 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Government Funds	\$ 354,056	Temporary advances
		<u>\$ 354,056</u>	

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, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Refunded	Ending Balance	Due Within One Year
Governmental activities:						
General obligation bonds	\$ 34,440,000	\$ 179,070,000	\$ 5,735,000	\$ 9,505,000	\$ 198,270,000	\$ 3,350,000
Premium on Bonds	3,104,902	16,973,066	559,168	869,882	18,648,918	-
Loans payable - SECO	2,648,872	-	293,518	-	2,355,354	299,432
Notes payable	1,163,664	-	583,459	-	580,205	515,129
Leases	103,992	459,842	111,570	-	452,264	88,017
Accretion payable	744,425	-	744,425	-	-	-
Total long term debt	\$ 42,205,855	\$ 196,502,908	\$ 8,027,140	\$ 10,374,882	\$ 220,306,741	\$ 4,252,578
Net pension liability	14,865,753	(6,554,639)	1,192,828	-	7,118,286	-
Net OPEB liability	14,693,360	211,815	295,874	-	14,609,301	-
Total long-term liabilities	\$ 71,764,968	\$ 190,160,084	\$ 9,515,842	\$ 10,374,882	\$ 242,034,328	\$ 4,252,578

The loans, notes payable, leases, 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 February 2022, the District issued \$106,980,000 of unlimited tax school building bonds, series 2022 with an interest rate ranging from 2.75% to 5.00%. These bonds were issued for the acquisition and construction of major capital facilities. Principal payments begin August 1, 2029 and are paid annually through August 1, 2051.

In June 2022, 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 \$1,612,917 (net of costs of defeasance) into an irrevocable trust to pay the debt service until the call date in August of 2023 and August of 2024. The outstanding principal of \$1,550,000 is considered defeased and has been removed from the District's financial statements.

In June 2022, the District issued \$72,090,000 of unlimited tax school building and refunding bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$2,655,000 unlimited tax school building bonds, series 2012 and \$6,850,000 unlimited tax school building bonds, series 2013. The net carrying amount exceeded the reacquisition price of the old debt by \$714,752. This amount is reported as a deferred inflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The refunding had a net present value of savings of \$421,881. The total cash savings was \$505,059.

Bonded debt consists of the following at August 31, 2022:

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	\$ 4,930,000
09/29/2015	Ref Ser 2015	2.00 - 4.00%	8,220,000	10/01/2024	3,000,000
10/13/2016	Ref Ser 2016A	2.00 - 4.00%	7,785,000	04/01/2029	6,090,000
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	3,910,000
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	<u>72,090,000</u>
Total Bonds Payable					<u>\$ 198,270,000</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, 2022, the debt service requirements of bonded indebtedness to maturity are as follows:

Year Ending August 31,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2023	\$ 3,350,000	\$ 7,649,216	\$ 10,999,216
2024	4,150,000	7,256,763	11,406,763
2025	4,555,000	7,103,088	11,658,088
2026	4,490,000	6,942,088	11,432,088
2027	4,665,000	6,780,938	11,445,938
2028-2032	24,390,000	30,536,138	54,926,138
2033-2037	29,970,000	24,402,588	54,372,588
2038-2042	36,155,000	18,222,838	54,377,838
2043-2047	42,815,000	11,560,488	54,375,488
2048-2052	<u>43,730,000</u>	<u>4,070,513</u>	<u>47,800,513</u>
	<u>198,270,000</u>	<u>124,524,658</u>	<u>\$ 322,794,658</u>

The outstanding Series 2014 Bonds include both Serial and Capital Appreciation Bonds. The interest shown above, with respect to the Capital Appreciation Bonds, includes the interest to be paid on bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

As of August 31, 2022, there were no general obligation bonds authorized by voters of the District, but unissued.

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, 2022, the remaining payments are as follows:

Year Ending August 31,	Loans Payable - SECO		Total Requirements
	Principal	Interest	
2023	\$ 299,432	\$ 45,731	\$ 345,163
2024	305,466	39,697	345,163
2025	311,621	33,542	345,163
2026	317,901	27,262	345,163
2027	324,305	20,857	345,162
2028-2030	796,629	23,262	819,891
	<u>\$ 2,355,354</u>	<u>\$ 190,351</u>	<u>\$ 2,545,705</u>

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

Year Ending August 31,	Notes Payable		Total Requirements
	Principal	Interest	
2023	\$ 515,129	\$ 33,027	\$ 548,156
2024	65,076	3,160	68,236
	<u>\$ 580,205</u>	<u>\$ 36,187</u>	<u>\$ 616,392</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 \$991,570 which equates to the notes payable principal amount. Under the terms of the Bus Agreement, principal and interest payments of \$207,342 are due annually beginning on September 20, 2017 through September 20, 2021. 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 lease is 2.50%.

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 lease 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.

On September 1, 2021, Elgin Independent School District, TX entered into a 23 month lease as Lessee for the use of Dell - Chromebook Laptops. An initial lease liability was recorded in the amount of \$103,992. As of August 31, 2022, the value of the lease liability is \$0.00. Elgin Independent School District is required to make annual fixed payments of \$104,200. The lease has an interest rate of 0.2180%. The Computer Equipment estimated useful life was 23 months as of the contract commencement. The value of the right to use asset as of August 31, 2022 of \$103,992 with accumulated amortization of \$54,257 is included with Computer Equipment on the Lease Class activities table found below. Elgin Independent School District has the option to purchase the Computer Equipment for \$1.00.

On August 31, 2022, Elgin Independent School District entered into a 60 month lease as Lessee for the use of Leaf - Toshiba Copiers. An initial lease liability was recorded in the amount of \$459,842. As of August 31, 2022, the value of the lease liability is \$452,264. Elgin Independent School District is required to make monthly fixed payments of \$8,122. The lease has an interest rate of 2.3660%. The Equipment estimated useful life was 60 months as of the contract commencement. The value of the right to use asset as of August 31, 2022 of \$459,842 with accumulated amortization of \$7,664 is included with Equipment on the Lease Class activities table found below. The lease has an unguaranteed residual value of \$1.00.

The following includes lease principle and interest payments to maturity:

Year Ending August 31,	Leases		Total Requirements
	Principal	Interest	
2023	\$ 88,017	\$ 9,450	\$ 97,467
2024	89,818	7,648	97,466
2025	91,967	5,500	97,467
2026	94,166	3,300	97,466
2027	88,296	1,048	89,344
	<u>\$ 452,264</u>	<u>\$ 26,946</u>	<u>\$ 479,210</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 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>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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.

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.

	Contribution Rates	
	2021	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%
Current fiscal year employer contributions		\$ 1,492,817
Current fiscal year member contributions		\$ 2,979,205
2021 measurement year NECE on-behalf contributions		\$ 1,800,362

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 1.6% of the member's salary beginning in fiscal year 2021, 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, 2020 actuarial evaluation was rolled forward to August 31, 2021, and was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Fair Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2021	1.95% - 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	3.05% to 9.05%
Payroll Growth Rate	3.00%
Ad Hoc Post-Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions please see the actuarial valuation report dated November 9, 2020.

Discount Rate

A single discount rate of 7.25% was used to measure the pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. 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 7.25%. 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, 2021 are summarized below.

Asset Class ¹	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources and Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	2.80%	0.00%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ⁴			-0.95%
Expected Return	100.00%		6.90%

¹Absolute Returns Includes Credit Sensitive Investments.

²Target allocations are based on the FY2021 policy model.

³Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

⁴The volatility drag results from the conversion between arithmetic and geometric mean

Discount Rate Sensitivity Analysis. The following table presents the Net Pension Liability of the plan using the discount rate of 7.25%, and what the Net Pension Liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current discount rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability:	\$ 15,554,584	\$ 7,118,286	\$ 273,887

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

At August 31, 2022, the District reported a liability of \$7,118,286 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	\$ 7,118,286
State's proportionate share that is associated with the District	10,743,790
Total	\$ 17,862,076

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0279516089% which was an increase of 0.0001952246% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation - There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2022, the District recognized pension expense of \$829,251 and revenue of \$42,952 for support provided by the State.

At August 31, 2022, 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	\$ 11,912	\$ 501,133
Changes in actuarial assumptions	2,516,175	1,096,836
Differences between projected and actual investment earnings	-	5,968,590
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	401,295	180,208
Contributions paid to TRS subsequent to the measurement date	<u>1,492,817</u>	<u>-</u>
Total as of year-end	<u>\$ 4,422,199</u>	<u>\$ 7,746,767</u>

The \$1,492,817 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, 2022. 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
2023	\$(715,057)
2024	(826,306)
2025	(1,434,819)
2026	(1,794,094)
2027	(37,890)
Thereafter	(9,219)

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>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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	
	2021	2022
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		\$ 346,467
Current fiscal year member contributions		242,063
2021 measurement year NECE on-behalf contributions		396,405

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.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions. The total OPEB liability in the August 31, 2020 was rolled forward to August 31, 2021. 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, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination - Expected	Expected Payroll Growth
Rates of Disability	

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% 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 8.50%
Projected Salary Increases	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 1.95% was used to measure the total OPEB liability. There as a decrease of 0.38% 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, 2021.

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 (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Proportionate share of net OPEB liability	\$ 17,622,184	\$ 14,609,301	\$ 12,238,065

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2022, the District reported a liability of \$14,609,301 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	\$ 14,609,301
State's proportionate share that is associated with the District	<u>19,573,208</u>
Total	<u>\$ 34,182,509</u>

The net OPEB liability was measured as of August 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net OPEB liability was 0.0378729815% which was a decrease of -0.0007789914% from the proportion measured as of August 31, 2020.

Healthcare Cost Trend Rates Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate used.

Proportionate share of net OPEB liability	Current Single Healthcare Trend Rate		
	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	\$ 11,833,050	\$ 14,609,301	\$ 18,334,341

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 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021. This change increased the Total OPEB Liability.

For the year ended August 31, 2022, the District recognized OPEB expense of (\$1,108,989) and revenue of (\$722,401) for support provided by the State.

At August 31, 2022, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 629,000	\$ 7,071,924
Changes in actuarial assumptions	1,618,152	3,089,597
Differences between projected and actual investment earnings	15,861	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,297,196	584,164
Contributions paid to OPEB subsequent to the measurement date	<u>346,467</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 3,906,676</u>	<u>\$ 10,745,685</u>

The \$346,467 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, 2023. 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:

<u>For the Year Ended August 31,</u>	<u>OPEB Expense</u>
2023	\$(1,437,727)
2024	(1,438,085)
2025	(1,437,987)
2026	(1,053,433)
2027	(532,810)
Thereafter	(1,285,434)

J. Negative Operating Grants and Contributions – Statement of Activities

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and OPEB benefit plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS-retirement and TRS-care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75.

During the year under audit, the NECE expense was negative due to changes in actuarial assumptions within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in a decrease to revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting.

Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

<u>Investment Type</u>	<u>Operating Grants and Contributions As Reported</u>	<u>Negative On-Behalf Accruals</u>	<u>Operating Grants and Contributions (Excluding On- Behalf Accruals)</u>
11 - Instruction	\$ 4,688,634	\$(420,263)	\$ 5,108,897
12 - Instructional Resources and Media Services	4,185	(9,019)	13,204
13 - Curriculum and Instructional Staff Development	1,019,345	(6,967)	1,026,312
21 - Instructional Leadership	636,946	(24,314)	661,260
23 - School Leadership	316,145	(67,621)	383,766
31 - Guidance, Counseling and Evaluation Services	522,329	(21,739)	544,068
32 - Social Work Services	85,039	(2,651)	87,690
33 - Health Services	1,003,583	(6,452)	1,010,035
34 - Student (Pupil) Transportation	53,170	(41,048)	94,218
35 - Food Services	4,245,633	-	4,245,633
36 - Extracurricular Activities	(6,535)	(13,196)	6,661
41 - General Administration	(20,443)	(26,527)	6,084
51 - Facilities Maintenance and Operations	(44,782)	(55,042)	10,260
52 - Security and Monitoring Services	67,561	(8,064)	75,625
53 - Data Processing Services	(9,223)	(11,337)	2,114
61 - Community Services	306,221	(8,161)	314,382
71 - Interest on long-term debt	329,631	-	329,631
93 - Payments related to shared services arrangements	13,545	-	13,545
	<u>\$ 13,210,984</u>	<u>\$(722,401)</u>	<u>\$ 13,933,385</u>

K. Health Care Coverage

During the year ended August 31, 2022, 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, under the TRS Publications heading.

L. 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 \$153,154, \$150,349, and \$138,287 were recognized for the years ended August 31, 2022, 2021, and 2020, respectively, as equal revenues and expenditures.

M. 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, 2022, 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 \$271,594 for fiscal year 2021-22 of which \$41,749 has been paid. The District's estimated outstanding loss and aggregate liability at August 31, 2022 was \$202,109 and is reflected with accounts payable in the District's governmental funds balance sheet.

N. 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, 2022 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 2022 tax year (2021-2022 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 \$189,581 during the year ended August 31, 2022 related to this agreement. The District incurred a \$63,109 revenue loss that will carry over to FY23.

O. 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, 2022, 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, 2022, the District is also committed under construction contracts with a remaining balance of \$11,864,525.

P. 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.

Q. Prior Period Adjustment

During the current year the District had to make a prior period adjustment due to the number of foundation days not being accounted for in the amount of \$1,816,405.

R. New Accounting Standards

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will be implemented in fiscal year 2023 and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 will be implemented in fiscal year 2023 and the impact has not yet been determined.

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, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 18,701,184	\$ 20,139,949	\$ 19,862,683	\$ (277,266)
5800	State program	31,718,216	31,718,216	33,841,024	2,122,808
5900	Federal program	<u>1,142,100</u>	<u>1,142,100</u>	<u>1,078,387</u>	<u>(63,713)</u>
5020	Total revenues	<u>51,561,500</u>	<u>53,000,265</u>	<u>54,782,094</u>	<u>1,781,829</u>
EXPENDITURES					
Current:					
0011	Instruction	27,521,461	26,000,000	25,608,116	391,884
0012	Instructional resources and media services	609,043	650,000	553,731	96,269
0013	Curriculum and instructional staff development	740,639	700,000	616,391	83,609
0021	Instructional leadership	1,834,294	1,875,000	1,752,003	122,997
0023	School leadership	3,766,974	3,950,000	3,722,959	227,041
0031	Guidance, counseling and evaluation services	1,584,598	1,650,000	1,582,492	67,508
0032	Social work services	143,630	175,000	144,167	30,833
0033	Health services	277,022	400,000	338,323	61,677
0034	Student (pupil) transportation	2,027,238	2,525,000	2,380,606	144,394
0036	Extracurricular activities	1,516,507	1,500,000	1,434,832	65,168
0041	General administration	2,531,826	2,500,000	2,354,953	145,047
0051	Facilities maintenance and operations	5,449,541	5,500,000	5,191,257	308,743
0052	Security and monitoring services	683,194	650,000	571,113	78,887
0053	Data processing services	959,973	975,000	865,379	109,621
0061	Community services	429,504	400,000	300,111	99,889
Debt service:					
0071	Principal on long term debt	1,091,092	998,013	988,547	9,466
0072	Interest on long term debt	85,368	76,987	76,987	-
Capital Outlay:					
0081	Facilities acquisition and construction	-	5,000,000	4,895,513	104,487
Intergovernmental:					
0093	Payments related to shared services arrangements	30,000	50,000	33,140	16,860
0099	Other intergovernmental charges	<u>326,000</u>	<u>350,000</u>	<u>342,755</u>	<u>7,245</u>
6030	Total expenditures	<u>51,607,904</u>	<u>55,925,000</u>	<u>53,753,375</u>	<u>2,171,625</u>
1100	Excess (deficiency) of revenues over (under) expenditures	(46,404)	(2,924,735)	1,028,719	3,953,454
OTHER FINANCING SOURCES (USES)					
7913	Lease issued	-	-	<u>459,842</u>	<u>459,842</u>
7080	Total other financing sources (uses)	-	-	<u>459,842</u>	<u>459,842</u>
1200	NET CHANGE IN FUND BALANCES	<u>(46,404)</u>	<u>(2,924,735)</u>	<u>1,488,561</u>	<u>4,413,296</u>
0100	FUND BALANCES, BEGINNING	<u>21,053,276</u>	<u>21,053,276</u>	<u>21,053,276</u>	<u>-</u>
1300	PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>1,816,405</u>	<u>1,816,405</u>
3000	FUND BALANCES, ENDING	<u>\$ 21,006,872</u>	<u>\$ 18,128,541</u>	<u>\$ 24,358,242</u>	<u>\$ 6,229,701</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, 2022

	Measurement Year Ended August 31,		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability (asset)	0.0280%	0.0278%	0.0280%
District's proportionate share of net pension liability (asset)	\$ 7,118,286	\$ 14,865,753	\$ 14,543,903
State's proportionate share of the net pension liability (asset) associated with the District	<u>10,743,790</u>	<u>22,332,570</u>	<u>19,453,222</u>
Total	\$ <u>17,862,076</u>	\$ <u>37,198,323</u>	\$ <u>33,997,125</u>
District's covered payroll	\$ 33,909,304	\$ 32,505,449	\$ 28,753,440
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.99%	45.73%	50.58%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%

Note: This schedule is required to have 10 years of information, but the information prior to measurement year 2014 is not available.

Measurement Year Ended August 31,				
2018	2017	2016	2015	2014
0.0280%	0.0288%	0.0256%	0.0258%	0.0164%
\$ 15,422,514	\$ 9,198,367	\$ 9,684,542	\$ 9,127,203	\$ 4,377,302
<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>36,227,123</u>	\$ <u>21,804,241</u>	\$ <u>24,736,991</u>	\$ <u>23,014,596</u>	\$ <u>16,164,781</u>
\$ 27,729,952	\$ 27,678,861	\$ 25,591,885	\$ 23,761,108	\$ 22,326,922
55.62%	33.23%	37.84%	38.41%	19.61%
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, 2022

	Fiscal Year Ended August 31,		
	2022	2021	2020
Contractually required contribution	\$ 1,492,817	\$ 1,191,049	\$ 1,140,989
Contribution in relation to the contractually required contribution	(1,492,817)	(1,191,049)	(1,140,989)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered payroll	\$ 37,242,779	\$ 33,904,909	\$ 32,505,449
Contributions as a percentage of covered payroll	4.01%	3.51%	3.51%

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

Fiscal Year Ended August 31,				
2019	2018	2017	2016	2015
\$ 980,350	\$ 946,437	\$ 942,838	\$ 814,257	\$ 764,556
(980,350)	(946,437)	(942,838)	(814,257)	(764,556)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 28,753,440	\$ 27,729,952	\$ 27,678,861	\$ 25,591,885	\$ 23,761,108
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, 2022

	Measurement Year Ended August 31,	
	2021	2020
District's proportion of the net OPEB liability (asset)	0.0379%	0.0387%
District's proportionate share of net OPEB liability (asset)	\$ 14,609,301	\$ 14,693,360
States proportionate share of the net OPEB liability (asset) associated with the District	19,573,208	19,744,354
Total	\$ 34,182,509	\$ 34,437,714
District's covered employee payroll	\$ 33,909,304	\$ 32,505,449
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	43.08%	45.20%
Plan fiduciary net position as a percentage of the total OPEB liability	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, 2022

	Fiscal Year Ended August 31,	
	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 346,467	\$ 295,547
Contribution in relation to the contractually required contribution	<u>(346,467)</u>	<u>(295,547)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 37,242,779	\$ 33,904,909
Contributions as a percentage of covered employee payroll	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
(294,305)	(257,557)	(241,095)
\$ -	\$ -	\$ -
\$ 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, 2022

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, 2022 that were provided for in the subsequent year's budget.

COMBINING STATEMENTS

ELGIN SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	206	211	212	224
	Education for Homeless Children & Youth	Title I Grants to Local Education Agencies	Migrant Education State Grant Program	Special Education Grants to States
ASSETS				
1110	-	-	-	-
1240	250	87,261	5,249	85,777
1290	-	-	-	-
1310	-	-	-	-
1000	<u>250</u>	<u>87,261</u>	<u>5,249</u>	<u>85,777</u>
LIABILITIES				
2110	-	14,774	222	4,238
2160	-	22,096	-	52,034
2170	250	48,901	5,027	23,734
2200	-	1,490	-	5,771
2300	-	-	-	-
2000	<u>250</u>	<u>87,261</u>	<u>5,249</u>	<u>85,777</u>
FUND BALANCES				
Nonspendable:				
3410	-	-	-	-
Restricted:				
3450	-	-	-	-
Committed:				
3590	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 250</u>	<u>\$ 87,261</u>	<u>\$ 5,249</u>	<u>\$ 85,777</u>

225 Special Education Preschool Grants	226 Special Education Grants to States - High Cost	240 National Breakfast and Lunch Program	242 Summer Food Service Program for Children	244 Career and Technical - Basic Grant	255 Improving Teacher Quality State Grants	263 English Lang. Acquisition State Grants
\$ -	\$ -	\$ 2,120,256	\$ 619,938	\$ -	\$ -	\$ -
422	-	200,205	-	-	22,267	14,809
-	-	3,525	-	-	-	-
-	-	86,836	-	-	-	-
<u>422</u>	<u>-</u>	<u>2,410,822</u>	<u>619,938</u>	<u>-</u>	<u>22,267</u>	<u>14,809</u>
-	-	140,905	-	-	311	-
-	-	88,756	-	-	-	1,440
422	-	-	-	-	21,956	13,319
-	-	1,888	-	-	-	50
-	-	21,697	-	-	-	-
<u>422</u>	<u>-</u>	<u>253,246</u>	<u>-</u>	<u>-</u>	<u>22,267</u>	<u>14,809</u>
-	-	86,836	-	-	-	-
-	-	2,070,740	619,938	-	-	-
-	-	-	-	-	-	-
-	-	2,157,576	619,938	-	-	-
<u>\$ 422</u>	<u>\$ -</u>	<u>\$ 2,410,822</u>	<u>\$ 619,938</u>	<u>\$ -</u>	<u>\$ 22,267</u>	<u>\$ 14,809</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	265	272	278	280	
	21st Century Community Learning Centers	Medical Assistant Program	TCLAS ESSER III	ARP Homeless II	
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ 75,447	\$ -	\$ -
1240	Due from other governments	62,451	-	679	999
1290	Other receivables	-	-	-	-
1310	Inventories	-	-	-	-
1000	Total assets	<u>62,451</u>	<u>75,447</u>	<u>679</u>	<u>999</u>
LIABILITIES					
2110	Accounts payable	5,527	-	-	-
2160	Accrued wages payable	26,896	-	-	-
2170	Due to other funds	27,290	-	679	999
2200	Accrued expenditures	2,738	-	-	-
2310	Unearned revenues	-	75,447	-	-
2000	Total liabilities	<u>62,451</u>	<u>75,447</u>	<u>679</u>	<u>999</u>
FUND BALANCES					
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>62,451</u>	\$ <u>75,447</u>	\$ <u>679</u>	\$ <u>999</u>

281	282	284	287	288	289	385
Education Stabilization Grant - ESSER II	Education Stabilization Grant - ESSER III	IDEA B Preschool ARP	Farm to School Grant Program	Office School Violence Prevention Program	Student Support and Academic Enrichment Program	State Supplemental Visually Impaired
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
195,937	165,606	-	-	-	9,375	-
-	-	-	-	-	-	-
<u>195,937</u>	<u>165,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,375</u>	<u>-</u>
-	-	-	-	-	-	-
154,978	68,310	-	-	-	-	-
37,831	91,425	-	-	-	9,375	-
3,128	5,871	-	-	-	-	-
-	-	-	-	-	-	-
<u>195,937</u>	<u>165,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,375</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>195,937</u>	\$ <u>165,606</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,375</u>	\$ <u>-</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes	397	410	429	461
<u> </u>	<u>Advanced Placement Incentives</u>	<u>Instructional Materials Allotment</u>	<u>State Funded Special Revenue</u>	<u>Campus Activity Funds</u>
ASSETS				
1110	\$ -	\$ 10,716	\$ 381	\$ 298,268
1240	-	-	1,400	-
1290	-	-	-	-
1310	-	-	-	-
1000	<u>-</u>	<u>10,716</u>	<u>1,781</u>	<u>298,268</u>
LIABILITIES				
2110	-	-	1,400	1,728
2160	-	-	-	-
2170	-	-	-	-
2200	-	-	-	-
2310	-	10,716	381	-
2000	<u>-</u>	<u>10,716</u>	<u>1,781</u>	<u>1,728</u>
FUND BALANCES				
Nonspendable:				
3410	-	-	-	-
Restricted:				
3450	-	-	-	-
Committed:				
3590	-	-	-	296,540
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,540</u>
4000	<u>\$ -</u>	<u>\$ 10,716</u>	<u>\$ 1,781</u>	<u>\$ 298,268</u>

489	490	491	494	Total
Big Green Grant	Workforce Solutions	Dyslexic Program	Bastrop County Cares	Nonmajor Governmental Funds
\$ 2,000	\$ -	\$ -	\$ 512	\$ 3,127,518
-	72,848	-	-	925,535
-	-	-	-	3,525
-	-	-	-	86,836
<u>2,000</u>	<u>72,848</u>	<u>-</u>	<u>512</u>	<u>4,143,414</u>
-	-	-	-	169,105
-	-	-	-	414,510
-	72,848	-	-	354,056
-	-	-	-	20,936
<u>2,000</u>	<u>-</u>	<u>-</u>	<u>512</u>	<u>110,753</u>
<u>2,000</u>	<u>72,848</u>	<u>-</u>	<u>512</u>	<u>1,069,360</u>
-	-	-	-	86,836
-	-	-	-	2,690,678
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,540</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,074,054</u>
<u>\$ 2,000</u>	<u>\$ 72,848</u>	<u>\$ -</u>	<u>\$ 512</u>	<u>\$ 4,143,414</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

<u>Data Control Codes</u>		206	211	212	224
		Education for Homeless Children & Youth	Title I Grants to Local Education Agencies	Migrant Education State Grant Program	Special Education Grants to States
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program	-	-	-	-
5900	Federal program	<u>4,248</u>	<u>935,667</u>	<u>69,895</u>	<u>847,291</u>
5020	Total revenues	<u>4,248</u>	<u>935,667</u>	<u>69,895</u>	<u>847,291</u>
EXPENDITURES					
Current:					
0011	Instruction	3,998	350,354	33,478	631,893
0012	Instructional resources and media services	-	11,523	-	-
0013	Curriculum and instructional staff development	-	431,121	683	6,450
0021	Instructional leadership	125	108,426	35,734	101,552
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	2,740	-	107,396
0032	Social work services	125	9,998	-	-
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	-	21,505	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total expenditures	<u>4,248</u>	<u>935,667</u>	<u>69,895</u>	<u>847,291</u>
1100	Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	-	-	-	-
0100	FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2

225	226	240	242	244	255	263
Special Education Preschool Grants	Special Education Grants to States - High Cost	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
\$ -	\$ -	\$ 191,438	\$ 188	\$ -	\$ -	\$ -
-	-	4,585	-	-	-	-
<u>4,048</u>	<u>53,424</u>	<u>4,162,213</u>	<u>78,835</u>	<u>65,430</u>	<u>205,030</u>	<u>130,309</u>
<u>4,048</u>	<u>53,424</u>	<u>4,358,236</u>	<u>79,023</u>	<u>65,430</u>	<u>205,030</u>	<u>130,309</u>
287	53,424	-	-	58,729	-	56,616
-	-	-	-	-	-	-
-	-	-	-	2,500	174,446	55,547
-	-	-	-	-	26,889	-
-	-	-	-	-	-	-
3,761	-	-	-	-	3,695	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,387,477	56,895	-	-	-
-	-	-	-	4,201	-	-
-	-	-	-	-	-	-
-	-	40,964	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	18,146
-	-	-	-	-	-	-
<u>4,048</u>	<u>53,424</u>	<u>3,428,441</u>	<u>56,895</u>	<u>65,430</u>	<u>205,030</u>	<u>130,309</u>
-	-	929,795	22,128	-	-	-
-	-	929,795	22,128	-	-	-
-	-	<u>1,227,781</u>	<u>597,810</u>	-	-	-
\$ -	\$ -	\$ 2,157,576	\$ 619,938	\$ -	\$ -	\$ -

ELGIN INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

<u>Data Control Codes</u>	265	272	278	280
	<u>21st Century Community Learning Centers</u>	<u>Medical Assistant Program</u>	<u>TCLAS ESSER III</u>	<u>ARP Homeless II</u>
REVENUES				
5700 Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800 State program	-	-	-	-
5900 Federal program	<u>1,431,985</u>	<u>61</u>	<u>1,345</u>	<u>1,979</u>
5020 Total revenues	<u>1,431,985</u>	<u>61</u>	<u>1,345</u>	<u>1,979</u>
EXPENDITURES				
Current:				
0011 Instruction	768,799	-	-	-
0012 Instructional resources and media services	-	-	-	-
0013 Curriculum and instructional staff development	531	-	-	-
0021 Instructional leadership	150,159	61	-	-
0023 School leadership	354,796	-	-	-
0031 Guidance, counseling and evaluation services	-	-	-	-
0032 Social work services	-	-	1,345	1,979
0033 Health services	7,166	-	-	-
0034 Student transportation	86,566	-	-	-
0035 Food services	-	-	-	-
0036 Extracurricular activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	-	-
0061 Community services	63,968	-	-	-
Capital outlay:				
0081 Facilities acquisition and construction	-	-	-	-
6030 Total expenditures	<u>1,431,985</u>	<u>61</u>	<u>1,345</u>	<u>1,979</u>
1100 Excess (deficiency) of revenues over (under) (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 NET CHANGE IN FUND BALANCES	-	-	-	-
0100 FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

281	282	284	287	288	289	385
Education Stabilization Grant - ESSER II	Education Stabilization Grant - ESSER III	IDEA B Preschool ARP	Farm to School Grant Program	Office School Violence Prevention Program	Student Support and Academic Enrichment Program	State Supplemental Visually Impaired
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	2,570
<u>1,035,701</u>	<u>1,873,337</u>	<u>3,250</u>	<u>16,079</u>	<u>13,545</u>	<u>1,199,862</u>	<u>-</u>
<u>1,035,701</u>	<u>1,873,337</u>	<u>3,250</u>	<u>16,079</u>	<u>13,545</u>	<u>1,199,862</u>	<u>2,570</u>
1,035,701	762,628	-	14,355	-	940,927	2,570
-	-	-	-	-	-	-
-	346,490	-	-	-	-	-
-	222,683	-	1,724	-	9,375	-
-	16,365	-	-	-	-	-
-	408,504	3,250	-	-	-	-
-	73,748	-	-	-	-	-
-	7,976	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,139	-	-	-	-	-
-	-	-	-	-	-	-
-	32,663	-	-	-	41,459	-
-	1,141	-	-	-	208,101	-
-	-	-	-	13,545	-	-
<u>1,035,701</u>	<u>1,873,337</u>	<u>3,250</u>	<u>16,079</u>	<u>13,545</u>	<u>1,199,862</u>	<u>2,570</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

489	490	491	494	Total Nonmajor Governmental Funds
Big Green Grant	Workforce Solutions	Dyslexic Program	Bastrop County Cares	
\$ -	\$ 72,848	\$ 10,000	\$ -	\$ 498,785
-	-	-	-	257,177
-	-	-	-	12,133,534
<u>-</u>	<u>72,848</u>	<u>10,000</u>	<u>-</u>	<u>12,889,496</u>
-	72,848	-	-	5,020,972
-	-	-	-	11,523
-	-	-	-	1,025,014
-	-	-	-	656,728
-	-	9,575	-	380,736
-	-	-	-	540,015
-	-	-	-	87,195
-	-	-	-	15,142
-	-	-	-	86,566
-	-	-	-	3,444,372
-	-	425	-	176,852
-	-	-	-	3,038
-	-	-	-	40,964
-	-	-	-	74,122
-	-	-	-	312,861
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,545</u>
<u>-</u>	<u>72,848</u>	<u>10,000</u>	<u>-</u>	<u>11,889,645</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>999,851</u>
-	-	-	-	999,851
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,074,203</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,074,054</u>

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED TEA SCHEDULES

ELGIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2022

For The Year Ended August 31,	1		2	3	10
	Tax Rates			Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 8/31/2021
	Maintenance	Debt Service			
2013 and prior years	Various	Various		Various	\$ 175,577
2014	1.170000	0.370000		883,145,467	34,680
2015	1.170000	0.370000		943,149,397	37,103
2016	1.170000	0.370000		1,013,763,136	36,844
2017	1.170000	0.370000		1,055,525,950	50,791
2018	1.170000	0.370000		1,265,886,875	80,488
2019	1.170000	0.370000		1,400,853,381	143,051
2020	1.068300	0.450000		1,540,980,213	268,443
2021	1.012500	0.448200		1,722,980,353	575,423
2022	0.960300	0.468200		1,904,395,030	-
1000 Totals					<u>\$ 1,402,400</u>

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2022
\$ -	\$ 7,765	\$ 3,285	\$(11,806)	\$ 152,721
-	1,555	492	-	32,633
-	3,796	1,201	-	32,106
-	2,414	763	-	33,667
-	5,127	1,621	(195)	43,848
-	11,951	3,780	(581)	64,176
-	40,429	12,785	(3,148)	86,689
-	78,951	24,967	(13,790)	150,735
-	199,148	83,887	(22,490)	269,898
<u>27,204,283</u>	<u>18,715,664</u>	<u>8,284,801</u>	<u>330,486</u>	<u>534,304</u>
<u>\$ 27,204,283</u>	<u>\$ 19,066,800</u>	<u>\$ 8,417,582</u>	<u>\$ 278,476</u>	<u>\$ 1,400,777</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, 2022

		<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>
REVENUES					
5700	Local and intermediate sources	\$ 457,700	\$ 457,700	\$ 191,438	\$ (266,262)
5800	State program	41,000	41,000	4,585	(36,415)
5900	Federal program	<u>3,351,417</u>	<u>3,351,417</u>	<u>4,162,213</u>	<u>810,796</u>
5020	Total revenues	<u>3,850,117</u>	<u>3,850,117</u>	<u>4,358,236</u>	<u>508,119</u>
EXPENDITURES					
Current:					
0035	Food service	3,314,530	3,950,000	3,387,477	562,523
0051	Facilities maintenance and operations	<u>35,000</u>	<u>50,000</u>	<u>40,964</u>	<u>9,036</u>
6030	Total expenditures	<u>3,349,530</u>	<u>4,000,000</u>	<u>3,428,441</u>	<u>571,559</u>
1200	NET CHANGE IN FUND BALANCES	<u>500,587</u>	<u>(149,883)</u>	<u>929,795</u>	<u>1,079,678</u>
0100	FUND BALANCES, BEGINNING	<u>1,227,781</u>	<u>1,227,781</u>	<u>1,227,781</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 1,728,368</u>	<u>\$ 1,077,898</u>	<u>\$ 2,157,576</u>	<u>\$ 1,079,678</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, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 8,522,345	\$ 9,140,000	\$ 9,209,065	\$ 69,065
5800	State program	-	-	329,631	329,631
5020	Total revenues	<u>8,522,345</u>	<u>9,140,000</u>	<u>9,538,696</u>	<u>398,696</u>
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	6,485,000	5,921,000	5,735,000	186,000
0072	Interest on long-term debt	2,043,700	3,442,700	3,409,843	32,857
0073	Bond issuance costs and fees	5,000	70,000	69,666	334
6030	Total expenditures	<u>8,533,700</u>	<u>9,433,700</u>	<u>9,214,509</u>	<u>219,191</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(11,355)</u>	<u>(293,700)</u>	<u>324,187</u>	<u>617,887</u>
OTHER FINANCING SOURCES (USES)					
7911	Capital-related debt issued	-	7,830,000	7,830,000	-
7916	Premium on issuance of bond	-	4,300,000	4,256,691	(43,309)
8940	Payment on bond refunding escrow agent	-	<u>(9,700,000)</u>	<u>(9,660,130)</u>	<u>39,870</u>
7080	Total other financing sources (uses)	-	<u>2,430,000</u>	<u>2,426,561</u>	<u>(3,439)</u>
1200	NET CHANGE IN FUND BALANCES	<u>(11,355)</u>	<u>2,136,300</u>	<u>2,750,748</u>	<u>614,448</u>
0100	FUND BALANCES, BEGINNING	<u>1,444,741</u>	<u>1,444,741</u>	<u>1,444,741</u>	-
3000	FUND BALANCES, ENDING	<u>\$ 1,433,386</u>	<u>\$ 3,581,041</u>	<u>\$ 4,195,489</u>	<u>\$ 614,448</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2022

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	\$ 5,107,768
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)	\$ 4,098,764

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.	\$ 1,368,413
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 697,177

FEDERAL AWARDS 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, 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, 2022, 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 19, 2022.

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 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.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
December 19, 2022

**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, 2022. 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, 2022.

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 19, 2022

ELGIN INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Federal Expenditures
<u>U . S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Education Agency:			
School Breakfast Program (SBP)	10.553	71402101	\$ 319,731
School Breakfast Program (SBP)	10.553	71402201	<u>829,495</u>
Subtotal for 10.553			<u>1,149,226</u>
National School Lunch Program (NSLP)	10.555	71302101	472,103
National School Lunch Program (NSLP)	10.555	71302201	<u>2,227,506</u>
Subtotal for 10.555			<u>2,699,609</u>
Total Passed through the Texas Education Agency			<u>3,848,835</u>
Passed through the Texas Department of Agriculture:			
COVID-19 EBT Administrative Expense Reimbursement	10.542	00033	3,063
Non-cash assistance - Food Distribution Program	10.555	160001A	283,535
COVID-19 Supply Chain Assistance Program	10.555	00033	<u>26,780</u>
Subtotal for 10.555			<u>310,315</u>
Summer Food Service Program for Children	10.559	00033	<u>78,835</u>
Total Child Nutrition Cluster			<u>4,237,985</u>
Total Passed through the Texas Department of Agriculture			<u>392,213</u>
Direct Award:			
Farm to School Grant Program	10.575	198TX161L3203	<u>16,474</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>4,257,522</u>
<u>U . S. DEPARTMENT OF JUSTICE</u>			
Direct Award:			
Public Safety Partnership and Community Policing Grants	16.710	2020SVWX0092	<u>13,545</u>
Total Direct Award			<u>13,545</u>
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>13,545</u>
<u>U . S. FEDERAL COMMUNICATIONS COMMISSION</u>			
Direct Award:			
COVID-19 - Emergency Connectivity Fund	32.009	N/A	<u>895,455</u>
Total Direct Award			<u>895,455</u>
TOTAL U. S. FEDERAL COMMUNICATIONS COMMISSION			<u>895,455</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Passed through the Texas Education Agency:			
Title I Grants to Local Educational Agencies	84.010A	20610101011902	9,909
Title I Grants to Local Educational Agencies	84.010A	22610101011902	854,824
Title I Grants to Local Educational Agencies	84.010A	23610101011902	<u>70,934</u>
Subtotal for 84.010A			<u>935,667</u>
Migrant Education State Grant Program	84.011A	20615001011902	31,138
Migrant Education State Grant Program	84.011A	22615001011902	<u>40,055</u>
Subtotal for 84.011A			<u>71,193</u>
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	216600010119026600	471
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	226600010119026600	782,911
High Cost Fund	84.027A	66002206	53,424
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	236600010119026600	63,909
COVID-19 - IDEA - Part B, Formula - ARP	84.027A	225350010119025350	374
COVID-19 - IDEA - Part B, Formula - ARP	84.027X	225350010119025350	<u>2,876</u>
Subtotal for 84.027			<u>903,965</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(3) Pass-through Entity Identifying Number	(4) Federal Expenditures
<u>U. S. DEPARTMENT OF EDUCATION (continued)</u>			
Passed through the Texas Education Agency (continued):			
Special Education Preschool Grants (IDEA - Part B, Preschool)	84.173A	226610010119026610	\$ 4,048
Total Special Education (IDEA) Cluster			<u>908,013</u>
Career and Technical Education - Basic Grants to States	84.048A	22420006011902	65,430
Education for Homeless Children and Youth	84.196A	224600057110075	4,248
Twenty-First Century Community Learning Centers	84.287C	226950307110017	1,457,039
Twenty-First Century Community Learning Centers	84.287C	236950307110021	44,357
Subtotal for 84.287C			<u>1,501,396</u>
English Language Acquisition Federal Grants	84.365A	20671001011902	3,587
English Language Acquisition Federal Grants	84.365A	22671001011902	118,193
English Language Acquisition Federal Grants	84.365A	23671001011902	14,809
Subtotal for 84.365A			<u>136,589</u>
Title II, Part A - Supporting Effective Instruction Federal Grants	84.367A	22694501011902	193,205
Title II, Part A - Supporting Effective Instruction Federal Grants	84.367A	23694501011902	19,138
Subtotal for 84.367A			<u>212,343</u>
LEP Summer School	84.369A	69552002	8,847
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	22680101011902	78,084
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	23680101011902	9,375
Subtotal for 84.424A			<u>87,459</u>
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	21521001011902	1,035,701
COVID-19 Education Stabilization Fund (ESSER III)	84.425U	21528001011902	1,873,337
COVID-19 ARP Homeless I - TEHCY Supplement	84.425W	215330017110027	1,345
COVID-19 ARP Homeless II	84.425W	21533002011902	1,979
Subtotal for 84.425			<u>2,912,362</u>
Total Passed through the Texas Education Agency			<u>6,843,547</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>6,843,547</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Workforce Commission:			
COVID-19 CCR - Child Care Relief Funding	93.575	0000840589	208,101
Total Passed through Texas Workforce Commission			<u>208,101</u>
Passed through Texas Health and Human Services:			
Medicaid Administrative Claiming Program - (Medicaid Cluster)	93.778	HHS000537900084	61
Total Passed through Texas Health and Human Services			<u>61</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>208,162</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>12,218,231</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2022

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, 2022:

Federal revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds (Exhibit C-3)	\$ 13,211,921
School health and related services revenue	(993,690)
Federal expenditures on the Schedule of Expenditures of Federal Awards (Exhibit K-1)	\$ <u>12,218,231</u>

ELGIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2022

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:
10.553, 10.555 and 10.559	Child Nutrition Cluster
32.009	COVID-19 - Emergency Connectivity Fund
84.027 and 84.173	Special Education Cluster (IDEA)
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, 2022

None.