

TEXARKANA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TEXARKANA INDEPENDENT SCHOOL DISTRICT

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Certificate of Board

Certificate of Board

<u>Texarkana Independent School District</u>	<u>Bowie</u>	<u>019-907</u>
Name of School District	County	County-District-Region No.

We, the undersigned, certify that the attached annual financial report of the above named school district was reviewed and /X/ approved - // disapproved for the year ended June 30, 2023, at a meeting of the board of school trustees of such school district on the 16th day of November, 2023.
(Check One)

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproves of the auditors' report, the reason(s) for disapproving it is/are: (attach list if necessary)

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of School Trustees
Texarkana Independent School District
Texarkana, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 on pages v through xiv, budgetary comparison schedule – general fund on page 52, budgetary comparison schedule – child nutrition on page 53, Schedule of the District’s Proportionate Share of the Net Pension Liability (TRS) on pages 54-55, Schedule of the District’s Contributions for Pensions (TRS) on pages 56-57, Schedule of the District’s Proportionate Share of the Net OPEB Liability (TRS) on pages 58-59, and Schedule of the District’s Contributions for Other Postemployment Benefits (OPEB) (TRS) on pages 60-62 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.

Required Supplementary Information (Continued)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying nonmajor governmental, nonmajor enterprise, custodial funds, private purpose trust funds, and TEA required schedules are presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 November 7, 2023, 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 the 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 the District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
November 7, 2023

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Texarkana Independent School District (the District), discuss and analyze the District's financial performance for the year ended June 30, 2023. Please read it in conjunction with the independent auditors' report on pages ii and iv, and the District's Basic Financial Statements, which begin on page 1.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 1-3). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 4) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term, as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to other districts and how the sales revenues covered the expenses of the goods or services. The remaining statement (the fiduciary funds statement) provides financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 15) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 1. Its primary purpose is to show whether the overall financial condition of the District has improved as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year, while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements reflect use of the accrual basis of accounting that is also used by private sector companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- ◆ Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- ◆ Business-type activities—The District provides food catering for the District and various community events. The District also provides a district wide print shop. The activity surplus helps fund the District's instructional and maintenance costs.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 4 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under Every Student Succeeds Act (ESSA) from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- ◆ Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- ◆ Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Fund Net Position on pages 13-14. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

In 2023 and 2022, the ending net position of our governmental activities was \$17,845,495 and \$12,193,209 respectively.

In 2023 and 2022, the ending net position of our business-type activities was \$1,105,375 and \$1,322,963 respectively. This amount is relatively insignificant to the overall operations of the District, but it represents efforts to find other sources of revenue that will help alleviate a portion of the taxpayer's burden.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table I
Texarkana Independent School District**

**NET POSITION
(In Thousands)**

	Governmental Activities		Business-type Activities		Totals		% Change
	2022	2023	2022	2023	2022	2023	
Current and other assets	\$ 54,217	\$ 204,187	\$ 1,322	\$ 1,112	\$ 55,539	\$ 205,299	269.65%
Capital assets	96,310	103,642	5	72	96,315	103,714	7.68%
Total assets	<u>150,527</u>	<u>307,829</u>	<u>1,327</u>	<u>1,184</u>	<u>151,854</u>	<u>309,013</u>	<u>103.49%</u>
Deferred Outflows of Resources	14,025	23,455	-	-	14,025	23,455	67.24%
Long-term liabilities	95,847	242,885	-	72	95,847	242,957	153.48%
Other liabilities	26,117	41,856	4	7	26,121	41,863	60.27%
Total liabilities	<u>121,964</u>	<u>284,741</u>	<u>4</u>	<u>79</u>	<u>121,968</u>	<u>284,820</u>	<u>133.52%</u>
Deferred Inflows of Resources	30,396	28,698	-	-	30,396	28,698	-5.59%
Net Position:							
Invested in capital assets net of related debt	35,031	(102,266)	-	-	35,031	(102,266)	-391.93%
Restricted	11,409	155,706	-	-	11,409	155,706	1264.76%
Unrestricted	<u>(34,247)</u>	<u>(35,594)</u>	<u>1,323</u>	<u>1,105</u>	<u>(32,924)</u>	<u>(34,489)</u>	<u>4.75%</u>
Total net position	<u>\$ 12,193</u>	<u>\$ 17,845</u>	<u>\$ 1,323</u>	<u>\$ 1,105</u>	<u>\$ 13,516</u>	<u>\$ 18,950</u>	<u>40.20%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table II
Texarkana Independent School District**

**Changes In Net Position
(In Thousands)**

	Governmental Activities		Business-type Activities		Totals		% Change
	2022	2023	2022	2023	2022	2023	
Revenues :							
Program Revenues:							
Charges for Services	\$ 1,273	1,246	\$ 251	\$ 261	\$ 1,524	\$ 1,507	-1.12%
Operating grants and contributions	24,389	31,447			24,389	31,447	28.94%
General Revenues:							
Maintenance and operations taxes	23,174	24,361			23,174	24,361	5.12%
Debt service taxes	5,609	6,580			5,609	6,580	17.31%
State aid – formula grants	39,144	37,346			39,144	37,346	-4.59%
Grants not Restricted	7,009	9,597			7,009	9,597	
Investment Earnings	108	3,931			108	3,931	3539.81%
Miscellaneous	879	1,127			879	1,127	28.21%
Total Revenue	<u>101,585</u>	<u>115,635</u>	<u>251</u>	<u>261</u>	<u>101,836</u>	<u>115,896</u>	<u>13.81%</u>
Expenses:							
Instruction, curriculum and media services	55,862	62,776			55,862	62,776	12.38%
Instructional and school leadership	5,792	6,665			5,792	6,665	15.07%
Student support services	3,986	4,784			3,986	4,784	20.02%
Child nutrition	6,616	7,469			6,616	7,469	12.89%
Co-curricular activities	3,203	3,480			3,203	3,480	8.65%
General administration	4,305	4,606			4,305	4,606	6.99%
Plant maintenance, security & data processing	9,833	13,361			9,833	13,361	35.88%
Community services	838	991			838	991	18.26%
Debt services	2,578	4,694			2,578	4,694	82.08%
Payments to Fiscal Agent and Intergovernmental Charges	689	691			689	691	0.29%
Other business-type activities	433	466	225	479	658	945	43.62%
Total Expenses	<u>94,135</u>	<u>109,983</u>	<u>225</u>	<u>479</u>	<u>94,360</u>	<u>110,462</u>	<u>17.06%</u>
Increase (decrease) in net position	7,452	5,652	26	(218)	7,478	5,434	-27.33%
Net position at beginning of year	4,706	12,193	1,297	1,323	6,003	13,516	125.15%
Prior Period Adjustment	35				-	35	100.00%
Net position at end of year	<u>\$ 12,193</u>	<u>\$ 17,845</u>	<u>\$ 1,323</u>	<u>\$ 1,105</u>	<u>\$ 13,481</u>	<u>\$ 18,985</u>	<u>40.83%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Some of the major highlights of the 2022-23 school year included the following:

- The District’s General Fund Balance decreased substantially by \$2.3 million in 2022-23. This decrease was mainly caused by a loss in funding for ADA and several board approved capital expenditures. The 2022-23 budget was prepared on 6,348 and the final ADA for the year ended at 6,024. This was a loss in state funding of approximately \$1.8 million. The capital expenditures that the board approved were as follows:

Purchase of Pine Street Property	\$ 418,000
Safety and Security Upgrades	536,000
Bond election equipment	200,000

The District has been diligently working to level out after the COVID-19 pandemic. The District normally runs at a 94% attendance rate, but during the 2022-23 school year it saw an average of 92% attendance. The District continued to see increases in various necessary expenditures such as electricity, cleaning supplies, food costs and etc. due to an economic shift nationwide.

- During the 2022-23 school year, the District began an agreement with K12 Virtual Schools, LLC. This agreement allows the District to offer a virtual environment for learning to students across the state of Texas. Enrollment for the District for the 2022-23 school year was 300 students. State Funding for the majority of these students has been remitted to K12 Virtual Schools, LLC to operate the campus.
- During 2022-23, the District spent approximately \$872,000 on deferred maintenance projects. These included enhancements to the Texas High School student drop off/pickup lane, replacement signage at Morriss Elementary, several lighting retrofits, and some campus painting projects. Some of these projects were still in progress on June 30, 2023.
- The state's school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes. The District received an “A-Superior Rating” rating and status for the fiscal year ending 2021-22.
- The District was awarded a total of \$29,832,468 in ESSER funds from the CRRSA and ARP acts approved by the United States Congress in 2020-21, with the amount to carry over and use for 2022-23 being \$9,391,347. During the 2022-23 school year, the District was able to use these funds for necessary staffing due to learning loss, substantial HVAC repairs and replacement, implementation of the 1:1 Chromebook Initiative, and the continuation of Solution Tree and Kagan Structures to improve educational experiences district wide. The remaining funds in the amount of \$10,192,819 are to be expended in the following fiscal year, 2023-24. As of June 30, 2023, a total of \$19,639,649 of these funds have been expended.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- On May 23, 2022, the District was awarded the Innovative Services Students with Autism Grant in the amount of \$3,201,275. The purpose of this grant is to increase local capacity of LEAs to appropriately serve students with autism by providing innovative services that improve functional and/or academic outcomes for students with autism. The project will result in effective, scalable models that can be replicated in other areas of the state. During the application process, the District created an SSA to include the following districts: Liberty-Eylau; Redwater; Maud; Cass County SSA - Atlanta, Avinger, Bloomburg, Hughes Springs, and McLeod; Western Bowie County Co-op, - Avery, DeKalb, Hooks, Hubbard, Leary, Malta, New Boston, Red Lick, Simms; Queen City ISD. A total of \$1,668,421 was expended in the 2022-23 school year, with the remaining amount to be used in the 2023-24 fiscal year to continue the program.
- The District was awarded a total of \$3,286,566 in Texas COVID Learning Acceleration Supports (TCLAS) funds. This program includes funding and targeted supports for LEAs to accelerate student learning in the wake of COVID-19, utilizing state and federal resources. One streamlined application was used; the program includes nine separate decision sets. These grants allowed the District to strategically plan performance management, acquire innovative instructional materials, create stronger teacher pipelines, create more time in the classroom for students whose learning was adversely impacted by the pandemic, and explore different innovative school models. The grant programs will continue into the 2023-24 school year.
- The District was awarded the 21st Century Community Learning Centers (CCLC) Grant on July 1, 2022, totaling \$1,699,395. The purpose of the 21st CCLC program is to provide extended learning opportunities outside of the regular school day to students in need of academic assistance. The program is aimed at students who attend high-need, high-poverty and low-performing schools. The overall program is inclusive of specific core elements based on recommended principles and effective strategies to ensure successful programs that will assist students in meeting academic standards in core subjects (math, reading, science, social studies) so they can graduate from high school prepared for college and/or the workforce. The District utilized all funds for the continuation of the ACE program, which was implemented in the 2021-22 school year. The ACE program provides no-cost activities after school and during the summer for K-12 students in our Title I campuses.
- A Chapter 313 agreement was entered into by the District and TCI Texarkana, Inc. (Comptroller Application #1646 for the 2023 Tax Year). The Property Value Limitation Agreement approved by the District's Board of Trustees on November 16, 2022, for the TCI Texarkana, LLC project. The 2023-24 school year is the first of 10 years that the \$30 million value limitation will be in effect under the Agreement. The total amount owed to THE DISTRICT for 2023-24 is \$1,019,891: \$499,518 for revenue protection, and a \$520,373 supplemental payment.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 4) reported a combined fund balance of \$170.2 million. Fund Balance in the General Fund decreased to \$14.5 million. Other significant changes in fund balances should also be noted. In November 2022, the voters of The District passed a \$189 million bond package with two propositions.

Proposition A included these projects:

- Combine Spring Lake Park and Highland Park Elementary Schools at New 800 Student Elementary Campus on existing Pine Street Property (Formally named Parks Elementary at September 27, 2023, Board of Trustees meeting.)
- New 600-Student Dunbar Early Education Center (Pre-K)
- Additions and Renovations to Wake Village Elementary
- Safety and Security upgrades
- New buses

Proposition B included construction of new Career and Technology Facilities (CTE) at Texas High School and renovation of existing CTE spaces in order to prepare students for 21st Century careers in partnership with Texarkana College and the local business community, while optimizing dual credit dollars available through the P-TECH program.

A sale of \$144,000,000 of that total bond package took place on February 22, 2023. Those funds are reflected in the ending fund balance of the Capital Projects Fund at June 30, 2023. An additional sale of approximately \$45 million will be made at a future date. Projects that were not completed during the fiscal year are properly reflected in Construction in Progress. The Capital Projects Fund-Fund Balance will significantly reduce as projects are completed, creating new assets for the District.

Over the course of the year, the Board of Trustees revised the District's budget as operating changes became apparent. These budget amendments were in the ordinary course of operations and should be considered as such. The changes of any significance fall into these categories:

- Additional funds that became available through federal, state, and grant resources
- Adjustments for changes in state and local revenues
- Year-end accruals
- Changes requested by district principals within their campus operations, normally movement between functional levels

The District's General Fund balance of \$14.5 million reported on page 4 differs from the General Fund's budgeted fund balance of \$14.3 million reported in the budgetary comparison schedule on page 52.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table III
Texarkana Independent School District
DISTRICT'S CAPITAL ASSETS
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total % Change 2022-23
	2022	2023	2022	2023	
Land	\$ 5,838	\$ 6,426	\$ -		
Buildings and improvements	169,340	172,918	9	9	
Furniture and equipment	14,595	15,976	269	244	
Construction in progress	2,310	8,315	-		
Intangible SBITA Asset		1,597			
Intangible Right-to-Use Lease Asset	366	643	-	103	
Totals at historical cost	<u>192,449</u>	<u>205,875</u>	<u>278</u>	<u>356</u>	
Less accumulated depreciation for:					
Buildings and improvements	(84,649)	(89,699)	(9)	(9)	
Furniture and equipment	(11,227)	(11,775)	(264)	(245)	
Intangible SBITA Asset		(349)			
Intangible Right-to-Use Lease Asset	(264)	(410)	-	(30)	
Total accumulated depreciation	<u>(96,140)</u>	<u>(102,233)</u>	<u>(273)</u>	<u>(284)</u>	
Net capital assets	<u>\$ 96,309</u>	<u>\$ 103,642</u>	<u>\$ 5</u>	<u>\$ 72</u>	
	Fiduciary Activities		Total		Total % Change 2022-23
	2022	2023	2022	2023	
Land			\$ 5,838	\$ 6,426	10.07%
Buildings and improvements			169,349	172,927	2.11%
Furniture and equipment		69	14,864	16,289	9.59%
Construction in progress			2,310	8,315	259.96%
Intangible SBITA Asset				1,597	
Intangible Right-to-Use Lease Asset			366	746	
Totals at historical cost	<u>0.00</u>	<u>69</u>	<u>192,727</u>	<u>206,300</u>	<u>7.04%</u>
Less accumulated depreciation for:					
Buildings and improvements			(84,658)	(89,708)	5.97%
Furniture and equipment		(5)	(11,491)	(12,025)	4.65%
Intangible SBITA Asset				(349)	
Intangible Right-to-Use Lease Asset			(264)	(440)	
Total accumulated depreciation	<u>-</u>	<u>(5)</u>	<u>(96,413)</u>	<u>(102,522)</u>	<u>6.34%</u>
Net capital assets	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 96,314</u>	<u>\$ 103,778</u>	<u>7.75%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had \$205 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

Debt

At the end of 2022-23 school year, the District had \$203.5 million in bonds and notes outstanding, versus \$61.3 million last year. The District's general obligation bond rating has been the highest possible, due to Permanent School Fund Guarantees by the State of Texas.

More detailed information about the District's long-term liabilities is presented in Notes C, E, and Q to the financial statements.

NEXT YEAR'S BUDGETS AND RATES

The District's elected officials considered many factors when setting the fiscal-year 2023-24 budget and tax rate. In the wake of COVID-19, the District experienced a decline in attendance, uncertainty about long-term enrollment trends, and inflationary pressures. In order to prepare for a variety of contingencies, some vacant positions were not filled.

The 2023 property tax rate has been increased by the adoption of a tax rate of \$1.2113, which is effectively a 12.55 percent increase in the tax rate. This rate includes \$0.7575 for the purpose of maintenance and operation, and \$0.4538 for the purpose of payment of principal and interest on debts. The total tax rate for the previous year was \$1.1979. The additional state compression from House Bill 3 for the maintenance and operation tax rate allowed the District to increase the interest and sinking tax rate for the 2022 Bond Issue without having the anticipated tax rate increase of \$0.1988 cents.

Lack of action by the legislature to increase state funding continues to affect district operations. These factors were taken into account when adopting the General Fund budget for the 2023-24 school year. Amounts available for appropriation in the General Fund budget are \$78 million.

If these estimates are realized, the District's budgetary General Fund-Fund Balance is expected to decrease, due to no additional state funding along with increases in expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Texarkana Independent School District, 4241 Summerhill Rd., Texarkana, Texas.

Basic Financial Statements

Government-wide Financial Statements

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

EXHIBIT A-1

Data	1	2	3	4
Control	Primary Government			Component Unit
Codes	Governmental	Business	Total	Nonmajor
	Activities	Type		Component
		Activities		Unit
ASSETS				
1110 Cash and Cash Equivalents	\$ 77,420,684	\$ 1,093,446	\$ 78,514,130	\$ 226,584
1120 Current Investments	110,786,910	-	110,786,910	411,715
1210 Property Taxes - Current	2,178,088	-	2,178,088	-
1230 Allowance for Uncollectible Taxes	(536,596)	-	(536,596)	-
1240 Due from Other Governments	13,645,618	-	13,645,618	-
1271 Due from Primary Government	-	-	-	3,000
1290 Other Receivables, Net	105,811	-	105,811	-
1300 Inventories	501,593	18,695	520,288	-
1490 Other Current Assets	84,962	-	84,962	-
Capital Assets:				
1510 Land	6,425,668	-	6,425,668	-
1520 Buildings, Net	83,219,662	148	83,219,810	-
1530 Furniture and Equipment, Net	4,200,524	-	4,200,524	-
1550 Right-to-Use Leased Assets, Net	232,667	72,685	305,352	-
1553 SBITA Assets, Net	1,249,105	-	1,249,105	-
1580 Construction in Progress	8,314,673	-	8,314,673	-
1800 Restricted Assets	-	-	-	108,048
1910 Long Term Investments	-	-	-	98,620
1000 Total Assets	307,829,369	1,184,974	309,014,343	847,967
DEFERRED OUTFLOWS OF RESOURCES				
1701 Deferred Charge for Refunding	1,007,383	-	1,007,383	-
1705 Deferred Outflow Related to TRS Pension	13,327,587	-	13,327,587	-
1706 Deferred Outflow Related to TRS OPEB	9,120,143	-	9,120,143	-
1700 Total Deferred Outflows of Resources	23,455,113	-	23,455,113	-
LIABILITIES				
2110 Accounts Payable	6,319,752	6,788	6,326,540	158,699
2130 Short Term Right-to-Use Leases Payable	-	34,276	34,276	-
2140 Interest Payable	3,421,310	-	3,421,310	-
2150 Payroll Deductions and Withholdings	347,967	-	347,967	-
2160 Accrued Wages Payable	6,870,649	-	6,870,649	-
2180 Due to Other Governments	17,716,251	126	17,716,377	-
2300 Unearned Revenue	1,839,388	-	1,839,388	-
Noncurrent Liabilities:				
2501 Due Within One Year: Loans, Note, Leases, etc. Due in More than One Year:	5,341,038	-	5,341,038	-
2502 Bonds, Notes, Loans, Leases, etc.	198,153,353	38,409	198,191,762	-
2540 Net Pension Liability (District's Share)	28,530,295	-	28,530,295	-
2545 Net OPEB Liability (District's Share)	16,201,004	-	16,201,004	-
2000 Total Liabilities	284,741,007	79,599	284,820,606	158,699
DEFERRED INFLOWS OF RESOURCES				
2605 Deferred Inflow Related to TRS Pension	2,913,040	-	2,913,040	-
2606 Deferred Inflow Related to TRS OPEB	25,784,940	-	25,784,940	-
2600 Total Deferred Inflows of Resources	28,697,980	-	28,697,980	-
NET POSITION				
3200 Net Investment in Capital Assets and Right-to-Use Restricted:	(102,266,020)	-	(102,266,020)	-
3820 Restricted for Federal and State Programs	6,813,287	-	6,813,287	-
3850 Restricted for Debt Service	7,091,753	-	7,091,753	-
3860 Restricted for Capital Projects	141,267,176	-	141,267,176	-
3870 Restricted for Campus Activities	533,321	-	533,321	-
3890 Restricted for Other Purposes	-	-	-	206,668
3900 Unrestricted	(35,594,022)	1,105,375	(34,488,647)	482,600
3000 Total Net Position	\$ 17,845,495	\$ 1,105,375	\$ 18,950,870	\$ 689,268

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

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

Data Control Codes	1	Program Revenues	
	Expenses	3 Charges for Services	4 Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 59,408,093	\$ 62,118	\$ 13,720,390
12 Instructional Resources and Media Services	466,639	-	59,431
13 Curriculum and Instructional Staff Development	2,901,395	-	830,894
21 Instructional Leadership	1,065,539	-	1,038,479
23 School Leadership	5,599,877	-	179,666
31 Guidance, Counseling, and Evaluation Services	3,004,396	-	1,463,157
32 Social Work Services	58,437	-	765
33 Health Services	881,268	-	146,711
34 Student (Pupil) Transportation	565,004	-	4,929
35 Food Services	7,469,141	592,571	9,042,457
36 Extracurricular Activities	3,480,247	530,400	23,457
41 General Administration	4,605,275	-	103,109
51 Facilities Maintenance and Operations	10,033,339	56,773	445,773
52 Security and Monitoring Services	1,293,298	-	621,843
53 Data Processing Services	2,309,977	-	-
61 Community Services	990,728	5,080	981,164
72 Debt Service - Interest on Long-Term Debt	4,261,587	-	-
73 Debt Service - Bond Issuance Cost and Fees	432,361	-	-
81 Capital Outlay	-	-	2,784,555
93 Payments Related to Shared Services Arrangements	690,707	-	-
99 Other Intergovernmental Charges	466,388	-	-
[TG] Total Governmental Activities:	109,983,696	1,246,942	31,446,780
BUSINESS-TYPE ACTIVITIES:			
01 Food Service Catering	175,052	140,556	-
02 Print Shop Activity	274,023	98,920	-
03 Public Relations Activity Fund	29,486	21,497	-
[TB] Total Business-Type Activities:	478,561	260,973	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 110,462,257	\$ 1,507,915	\$ 31,446,780
Component Unit:			
1C Nonmajor Component Unit	201,136	-	-
[TC] TOTAL COMPONENT UNITS:	\$ 201,136	\$ -	\$ -

Data	General Revenues:
Control	Taxes:
Codes	
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position			
6	7	8	9
	Primary Government		Component Unit
Governmental Activities	Business Type Activities	Total	Component Unit
\$ (45,625,585)	\$ -	\$ (45,625,585)	\$ -
(407,208)	-	(407,208)	-
(2,070,501)	-	(2,070,501)	-
(27,060)	-	(27,060)	-
(5,420,211)	-	(5,420,211)	-
(1,541,239)	-	(1,541,239)	-
(57,672)	-	(57,672)	-
(734,557)	-	(734,557)	-
(560,075)	-	(560,075)	-
2,165,887	-	2,165,887	-
(2,926,390)	-	(2,926,390)	-
(4,502,166)	-	(4,502,166)	-
(9,530,793)	-	(9,530,793)	-
(671,455)	-	(671,455)	-
(2,309,977)	-	(2,309,977)	-
(4,484)	-	(4,484)	-
(4,261,587)	-	(4,261,587)	-
(432,361)	-	(432,361)	-
2,784,555	-	2,784,555	-
(690,707)	-	(690,707)	-
(466,388)	-	(466,388)	-
(77,289,974)	-	(77,289,974)	-
-	(34,496)	(34,496)	-
-	(175,103)	(175,103)	-
-	(7,989)	(7,989)	-
-	(217,588)	(217,588)	-
(77,289,974)	(217,588)	(77,507,562)	-
-	-	-	(201,136)
-	-	-	(201,136)
24,361,241	-	24,361,241	-
6,579,187	-	6,579,187	-
37,346,436	-	37,346,436	-
9,596,548	-	9,596,548	-
3,931,730	-	3,931,730	26,437
1,127,118	-	1,127,118	172,448
82,942,260	-	82,942,260	198,885
5,652,286	(217,588)	5,434,698	(2,251)
12,193,209	1,322,963	13,516,172	691,519
\$ 17,845,495	\$ 1,105,375	\$ 18,950,870	\$ 689,268

Governmental Fund Financial Statements

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

Data Control Codes	10 General Fund	20 Child Nutrition	50 Debt Service Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,002,906	\$ 6,420,061	\$ 890,985
1120 Investments - Current	28,295,247	-	7,168,980
1210 Property Taxes - Current	1,754,980	-	423,108
1230 Allowance for Uncollectible Taxes	(445,925)	-	(90,671)
1240 Due from Other Governments	7,520,974	151,230	-
1260 Due from Other Funds	1,317,689	-	354,311
1290 Other Receivables	105,795	16	-
1300 Inventories	52,371	449,222	-
1490 Other Current Assets	84,962	-	-
1000 Total Assets	<u>\$ 39,688,999</u>	<u>\$ 7,020,529</u>	<u>\$ 8,746,713</u>
LIABILITIES			
2110 Accounts Payable	\$ 895,662	\$ 39,946	\$ -
2150 Payroll Deductions and Withholdings Payable	254,076	11,886	-
2160 Accrued Wages Payable	5,198,444	155,410	-
2170 Due to Other Funds	1,672,000	-	-
2180 Due to Other Governments	16,231,956	-	1,484,295
2300 Unearned Revenue	926,037	-	170,665
2000 Total Liabilities	<u>25,178,175</u>	<u>207,242</u>	<u>1,654,960</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	52,371	449,222	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	2,864,065	-
3480 Retirement of Long-Term Debt	-	-	7,091,753
Committed Fund Balance:			
3510 Construction	-	3,500,000	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3600 Unassigned Fund Balance	14,458,453	-	-
3000 Total Fund Balances	<u>14,510,824</u>	<u>6,813,287</u>	<u>7,091,753</u>
4000 Total Liabilities and Fund Balances	<u>\$ 39,688,999</u>	<u>\$ 7,020,529</u>	<u>\$ 8,746,713</u>

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ 67,007,940	\$ 2,098,792	\$ 77,420,684
75,322,683	-	110,786,910
-	-	2,178,088
-	-	(536,596)
-	5,973,414	13,645,618
-	-	1,672,000
-	-	105,811
-	-	501,593
-	-	84,962
<u>\$ 142,330,623</u>	<u>\$ 8,072,206</u>	<u>\$ 205,859,070</u>
\$ 1,063,447	\$ 4,320,697	\$ 6,319,752
-	82,005	347,967
-	1,516,795	6,870,649
-	-	1,672,000
-	-	17,716,251
-	1,619,388	2,716,090
<u>1,063,447</u>	<u>7,538,885</u>	<u>35,642,709</u>
-	-	501,593
-	-	2,864,065
-	-	7,091,753
141,267,176	-	144,767,176
-	533,321	533,321
-	-	14,458,453
<u>141,267,176</u>	<u>533,321</u>	<u>170,216,361</u>
<u>\$ 142,330,623</u>	<u>\$ 8,072,206</u>	<u>\$ 205,859,070</u>

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 170,216,361
1 Capital assets and Right-to-Use Lease Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$192,449,457 and the accumulated depreciation was (\$96,139,683). In addition, long-term liabilities, including bonds payable, notes payable, and right-to-use lease liabilities, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	35,181,406
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position. Similarly, the principal payments on Right-to-Use Lease Assets and SBITA Assets are not expenses, rather they are decreases in the Right-to-Use Lease Liabilities and the SBITA Liabilities. These payments must be reclassified and shown as reductions to these liabilities decreasing Net Position.	(130,884,023)
3 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. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$6,239,150, a Deferred Resource Inflow in the amount of \$12,673,040 and a net pension liability in the amount of \$10,740,917. The impact of this on Net Position is (17,174,807). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$940,941). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$18,115,748) .	(18,115,748)
4 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$16,201,004, a deferred outflow of \$9,120,143 and a deferred inflow of \$25,784,940. This resulted in a difference between the ending fund balance and the ending net position of (32,865,801).	(32,865,801)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(6,563,402)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase(decrease) net position.	876,702
19 Net Position of Governmental Activities	\$ 17,845,495

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

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

Data Control Codes	10 General Fund	20 Child Nutrition	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 27,128,989	\$ 843,289	\$ 6,908,060
5800 State Program Revenues	46,164,585	68,036	-
5900 Federal Program Revenues	4,644,294	8,456,327	-
5020 Total Revenues	<u>77,937,868</u>	<u>9,367,652</u>	<u>6,908,060</u>
EXPENDITURES:			
Current:			
0011 Instruction	44,784,448	-	-
0012 Instructional Resources and Media Services	574,630	-	-
0013 Curriculum and Instructional Staff Development	2,229,090	-	-
0021 Instructional Leadership	117,282	-	-
0023 School Leadership	5,767,898	-	-
0031 Guidance, Counseling, and Evaluation Services	1,789,829	-	-
0032 Social Work Services	61,384	-	-
0033 Health Services	526,316	-	-
0034 Student (Pupil) Transportation	455,018	-	-
0035 Food Services	-	7,691,841	-
0036 Extracurricular Activities	2,988,899	-	-
0041 General Administration	4,589,817	-	-
0051 Facilities Maintenance and Operations	10,296,726	333,450	-
0052 Security and Monitoring Services	1,303,301	-	-
0053 Data Processing Services	2,388,032	-	-
0061 Community Services	52,413	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	504,143	-	3,908,440
0072 Interest on Long-Term Liabilities	9,573	-	3,024,574
0073 Bond Issuance Cost and Fees	-	-	432,361
Capital Outlay:			
0081 Facilities Acquisition and Construction	418,000	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	690,707	-	-
0099 Other Intergovernmental Charges	466,388	-	-
6030 Total Expenditures	<u>80,013,894</u>	<u>8,025,291</u>	<u>7,365,375</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,076,026)</u>	<u>1,342,361</u>	<u>(457,315)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	-	1,929,861
7912 Sale of Real and Personal Property	29,315	-	-
7913 Proceeds of Right-to-Use Lease	1,328,933	-	-
7915 Transfers In	-	-	1,641,115
7916 Premium or Discount on Issuance of Bonds	-	-	-
7917 Prepaid Interest	-	-	349,700
8911 Transfers Out (Use)	(1,641,115)	-	-
7080 Total Other Financing Sources (Uses)	<u>(282,867)</u>	<u>-</u>	<u>3,920,676</u>
1200 Net Change in Fund Balances	(2,358,893)	1,342,361	3,463,361
0100 Fund Balance - July 1 (Beginning)	16,869,717	5,470,926	3,628,392
3000 Fund Balance - June 30 (Ending)	<u>\$ 14,510,824</u>	<u>\$ 6,813,287</u>	<u>\$ 7,091,753</u>

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

	60 Capital Projects	Other Funds	Total Governmental Funds
\$	2,448,266	\$ 735,811	\$ 38,064,415
	-	2,477,551	48,710,172
	-	18,730,618	31,831,239
	2,448,266	21,943,980	118,605,826
	-	13,560,835	58,345,283
	-	55,387	630,017
	-	809,403	3,038,493
	-	1,033,063	1,150,345
	-	99,794	5,867,692
	-	1,438,260	3,228,089
	-	-	61,384
	-	138,604	664,920
	-	-	455,018
	-	-	7,691,841
	-	725,090	3,713,989
	-	61,183	4,651,000
	-	34,013	10,664,189
	-	605,462	1,908,763
	-	-	2,388,032
	-	972,489	1,024,902
	-	188,549	4,601,132
	-	-	3,034,147
	-	-	432,361
	6,939,970	2,784,554	10,142,524
	-	-	690,707
	-	-	466,388
	6,939,970	22,506,686	124,851,216
	(4,491,704)	(562,706)	(6,245,390)
	135,760,139	-	137,690,000
	-	-	29,315
	-	545,148	1,874,081
	-	-	1,641,115
	8,239,861	-	8,239,861
	-	-	349,700
	-	-	(1,641,115)
	144,000,000	545,148	148,182,957
	139,508,296	(17,558)	141,937,567
	1,758,880	550,879	28,278,794
\$	141,267,176	\$ 533,321	\$ 170,216,361

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 141,937,567
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to decrease the change net position. Similarly, current year principal payments on Right-to-Use Leases and SIBTAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will result in a decrease in the change in Net Position.	(130,884,023)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(6,563,402)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.	28,138
Current year changes due to GASB 68 increased revenues in the amount of \$449,353 but also decreased expenditures in the amount of (\$1,390,294). The net effect on the change in the ending net position was a increase in the amount of (\$940,941).	(940,941)
Current year changes due to GASB 75 increased revenues in the amount of (\$3,445,019) but also increased expenditures in the amount of \$5,519,966. The net effect on the change in the ending net position was an increase in the amount of \$2,074,947.	2,074,947
Change in Net Position of Governmental Activities	\$ 5,652,286

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

Proprietary Fund Financial Statements

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

EXHIBIT D-1

	Business-Type Activities
	Total Enterprise Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,093,446
Inventories	18,695
Total Current Assets	1,112,141
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements, Net	148
Right-to-Use Lease Asset, Net	72,685
Total Noncurrent Assets	72,833
Total Assets	1,184,974
LIABILITIES	
Current Liabilities:	
Accounts Payable	6,788
Right-to-Use Lease Liabilities Payable	34,276
Due to Other Governments	126
Total Current Liabilities	41,190
Noncurrent Liabilities:	
Right-to-Use Lease Liability - Long Term	38,409
Total Noncurrent Liabilities	38,409
Total Liabilities	79,599
NET POSITION	
Unrestricted Net Position	1,105,375
Total Net Position	\$ 1,105,375

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

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

	Business-Type Activities
	Total Enterprise Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 257,262
State Program Revenues	3,711
Total Operating Revenues	<u>260,973</u>
OPERATING EXPENSES:	
Payroll Costs	48,568
Professional and Contracted Services	165,611
Supplies and Materials	224,580
Other Operating Costs	1,497
Depreciation Expense	5,185
Debt Service	33,120
Total Operating Expenses	<u>478,561</u>
Operating Income (Loss)	(217,588)
Total Net Position - July 1 (Beginning)	<u>1,322,963</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 1,105,375</u></u>

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

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

EXHIBIT D-3

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 260,971
Cash Payments to Employees for Services	(40,206)
Cash Payments for Suppliers	(430,300)
Net Cash Used for Operating Activities	(209,535)
Net Decrease in Cash and Cash Equivalents	(209,535)
Cash and Cash Equivalents at Beginning of Year	1,302,981
Cash and Cash Equivalents at End of Year	\$ 1,093,446
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (217,588)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	5,185
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	2,868
Net Cash Used for Operating Activities	\$ (209,535)

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

Fiduciary Fund Financial Statements

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

	Private Purpose Trust Funds	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 378,117	\$ 628,612
Furniture and Equipment, Net	54,200	10,402
Total Assets	<u>432,317</u>	<u>\$ 639,014</u>
LIABILITIES		
Accounts Payable	-	5,646
Total Liabilities	<u>-</u>	<u>5,646</u>
NET POSITION		
Restricted for Other Purposes	<u>432,317</u>	<u>633,368</u>
Total Net Position	<u>\$ 432,317</u>	<u>\$ 633,368</u>

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

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

	Private Purpose Trust Funds	Total Custodial Funds
ADDITIONS:		
Enterprising Services Revenue	\$ 202,347	\$ 527,515
Earnings from Temporary Deposits	5,626	-
Contributions, Gifts and Donations	2,710	-
Total Additions	<u>210,683</u>	<u>527,515</u>
DEDUCTIONS:		
Payroll Costs	-	209,758
Professional and Contracted Services	-	24,522
Supplies and Materials	204,091	166,877
Other Deductions	37,386	97,491
Total Deductions	<u>241,477</u>	<u>498,648</u>
Change in Fiduciary Net Position	(30,794)	28,867
Total Net Position - July 1 (Beginning)	<u>463,111</u>	<u>604,501</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 432,317</u></u>	<u><u>\$ 633,368</u></u>

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

Notes to the Financial Statements

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

A. Summary of Significant Accounting Policies

Texarkana Independent School District (the "District") is a public education agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and complies with the requirements of the appropriate version of the Texas Education Agency's *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from whom it receives funds.

1. Reporting Entity

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

Discretely Presented Component Unit

Texarkana ISD Education Foundation, Inc. (the Foundation), a not-for-profit organization operated by an independent board of directors, is organized to provide assistance, development and maintenance of charitable, educational, or scientific programs or activities for the District. The Foundation is included as a component unit in the District's government-wide financial statements. As a not-for-profit organization, the Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. The Foundation issues separate financial statements which are available for review at the District's business office.

2. 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 Texarkana Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 Every Student Succeeds Act (ESSA). If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

A. Summary of Significant Accounting Policies (Continued)

2. Government-Wide and Fund Financial Statements (Continued)

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities. All interfund balances and activity is a result of interfund clearing of transactions through a common bank account or reclassification of costs between funds.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for 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 revenues available if they are collectible within 60 days after year end.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

A. Summary of Significant Accounting Policies (Continued)

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

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

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

4. Fund Accounting

The District reports the following major governmental funds:

- a. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- b. **Child Nutrition Special Revenue Fund** – The District accounts for resources restricted or designated for, a specific purpose by the District or grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in the special revenue funds.
- c. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
- d. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

A. Summary of Significant Accounting Policies (Continued)

4. Fund Accounting (Continued)

Additionally, the District reports the following fund types:

Governmental Funds:

- a. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in the Special Revenue Funds. Unused balances are subject to being returned to the grantor at the close of the specified project period.
- b. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

- a. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's Enterprise Funds are the Food Service, Public Relations, School Improvement, Police Department, Texas A&M Food, Print Shop, and Texarkana College Food Service Funds. All operations of the enterprise funds are classified as operating activities.

Fiduciary Funds:

- a. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District as private purpose trust funds. The District's Private Purpose Trust Funds are campus VIP funds and scholarship funds.
- b. **Custodial Funds** – The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Funds are student activity funds.

5. Other Accounting Policies

- a. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
- b. The consumption method is used to account for inventories of food products, school supplies and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting, and are subsequently charged to expenditures when consumed. In the General Fund, inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

A. Summary of Significant Accounting Policies (Continued)

5. Other Accounting Policies (Continued)

- c. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

- d. Although the District’s policy allows some employees to accumulate earned but unused vacation and sick pay benefits, there is no recorded liability since these benefits will not require a cash outlay.
- e. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	15
Vehicles	5
Office Equipment	5
Computer Equipment	5

- f. When the District incurs an expense for which it may use either restricted or unassigned assets, restricted assets are utilized first unless there are unassigned assets which must be returned if unused.
- g. 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 data base for policy development and funding plans.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

6. Budgetary Data

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in the FASRG, and is prepared on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 30, of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The approved budget is filed with the Texas Education Agency through the Public Education Information Management System (PEIMS).

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the Food Service Special Revenue Fund. The remaining special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board. During the year, several amendments were necessary.

A reconciliation of fund balances at June 30, 2023, for both budgeted and unbudgeted special revenue funds is as follows:

Budgeted Funds - Child Nutrition Special Revenue Fund	\$	6,813,287
Unbudgeted Funds		-
All Special Revenue Funds	<u>\$</u>	<u>6,813,287</u>

7. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. As of June 30, 2023, the District had committed to \$151,852,881 in Capital Projects purchase orders. The majority of these encumbrances were with contractors for the four major bond projects including Parks Elementary, Dunbar Early Education Center, Texas High School Career and Technology Education (CTE) facility and renovations at Wake Village Elementary School. Construction for these projects is estimated to be completed by August 2025.

8. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures. Actual results could differ from those estimates.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

9. Fund Equity

Unassigned fund equity for governmental funds indicates available amounts for the budgeting of future operations. The committed fund equity for governmental funds indicates committed funds that have been earmarked by Board Resolution for specific purposes and are therefore not available for general expenditures to be appropriated in the following period unless amended by future board action. Restricted fund balance is that portion of fund equity which is not available for appropriation or which has been legally separated for specific purposes. As of June 30, 2023, the nonspendable fund balance included \$52,371 for inventories in the general fund and \$449,222 for inventories in the child nutrition program in the Special Revenue Fund. The Debt Service Fund has restricted a total of \$7,091,753 for retirement of funded indebtedness as of June 30, 2023. Amounts totaling \$141,267,176 and \$3,500,000 have been committed for authorized construction programs in the Capital Projects Fund and Food Service Fund, respectively. The remaining non-major funds have other assigned fund balance of \$533,321 for the campus activity funds.

10. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions to coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

11. TRS-Care Plan

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

12. 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.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

B. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of Certain Differences Between The Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position

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

Capital Assets At the Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land	\$ 5,838,168	\$ -	\$ 5,838,168	
Buildings	169,340,280	84,649,586	84,690,694	
Furniture and Equipment	14,594,583	11,226,566	3,368,017	
Right-to-Use Lease Asset	366,471	263,531	102,940	
Construction in Progress	2,309,955	-	2,309,955	
Change in Net Assets				\$ 96,309,774
Long-term Liabilities At the Beginning of the Year			Payable at the Beginning of the Year	
Bonds Payable and Accretion on Capital Appreciation Bonds			\$ (39,519,219)	
Notes Payable			(10,860,567)	
Accrued Interest on Notes and Bonds			(1,026,195)	
Premium and Discount on Issuance of Bonds			(10,831,420)	
Right-to-Use Lease Liability			(106,749)	
Deferred Gain/Loss on Refunding			1,215,783	
Change in Net Position				\$ (61,128,369)
Net Adjustment to Net Position				\$ 35,181,405

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

B. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of Certain Differences Between The Governmental Fund Balance Sheet and The Government-Wide Statement of Net Position (Continued)

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position.

Two elements of that reconciliation explain that the District's proportionate share of the net pension liability, net OPEB liability, deferred outflows, and deferred inflows of resources as required by GASB 68 and GASB 75 were as follows:

	Adjustment to Net Position	Adjustment to Changes in Net Position	Ending Impact on Net Position
Net Pension Liability	\$ (10,740,917)	\$ (17,789,378)	\$ (28,530,295)
Deferred Inflow	(12,673,040)	9,760,000	(2,913,040)
Deferred Outflow	6,239,150	7,088,437	13,327,587
Net Adjustment to Net Position	<u>\$ (17,174,807)</u>	<u>\$ (940,941)</u>	<u>\$ (18,115,748)</u>

	Adjustment to Net Position	Adjustment to Changes in Net Position	Ending Impact on Net Position
Net OPEB Liability	\$ (23,788,195)	\$ 7,587,191	\$ (16,201,004)
Deferred Inflow	(17,722,538)	(8,062,402)	(25,784,940)
Deferred Outflow	6,569,985	2,550,158	9,120,143
Net Adjustment to Net Position	<u>\$ (34,940,748)</u>	<u>\$ 2,074,947</u>	<u>\$ (32,865,801)</u>

2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities

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

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

B. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

2. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities (Continued)

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
Land	\$ 587,500		
Buildings & Improvements	3,578,358		
Furniture & Equipment	1,851,270		
Right-to-Use Lease Asset	276,500		
SBITA Asset	1,597,581		
Construction in Progress (Net Change)	<u>6,004,718</u>		
Total Capital Outlay	<u>\$ 13,895,927</u>	<u>\$ 13,895,927</u>	<u>\$ 13,895,927</u>
 <u>Debt and Principal Activity</u>			
Bonds Issued	\$ (137,690,000)		
Bond Principal Payments	2,610,000		
Loan Principal Payments	<u>1,299,650</u>		
Total Principal Activity	<u>\$ (133,780,350)</u>	<u>\$ (133,780,350)</u>	<u>\$ (133,780,350)</u>
 <u>Other Items</u>			
Change in Accrued Interest Payable	\$ (2,395,115)		
Change in Right-to-Use Lease Liability	(131,854)		
Change in SBITA Liability	(1,049,536)		
Change in Bond Premium and Accretion:			
Deferred Amount on Refunding Bonds	(208,400)		
Accretion on Cap Appreciation (Net)	299,235		
Bonds Issued Premium	(8,239,861)		
Amortization of Premium on Bonds (Net)	<u>725,929</u>		
Total Other Items	<u>\$ (10,999,602)</u>	<u>\$ (10,999,602)</u>	<u>\$ (10,999,601)</u>
Total Adjustment to Net Position		<u>\$ (130,884,024)</u>	<u>\$ (130,884,023)</u>

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

<u>Adjustments to Revenue and Deferred Revenue</u>	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
Taxes Collected from Prior Year Levies	(852,442)	\$ (852,442)	\$ -
Uncollected Taxes (assumed collectible)	337,352	337,352	337,352
PY Uncollected Taxes (assumed collectible)	539,350	539,350	539,350
PY Tax Collections	3,878	3,878	-
Total Changes		<u>\$ 28,138</u>	<u>\$ 876,702</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

C. Bonds

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund. As of June 30, 2023 bonds in the amount of \$45,000,000 have been authorized but not yet issued.

On November 18, 2010, the District issued Unlimited Tax Refunding Bonds, Series 2010 to refund \$5,070,000 of the Unlimited Tax School Building Bonds, Series 2002. The refunding bonds issued provided the District with a net present value cash flow savings of \$644,690.

On March 18, 2015, the District issued Unlimited Tax School Building & Refunding Bonds, Series 2015 to refund \$15,781,155 of the Unlimited Tax School Building Bonds, Series 2007. The total issue was \$42,930,000, \$27,150,000 for School Building and \$15,780,000 for refunding. The refunding bonds issued provided the District with a net present value cash flow savings of \$3,460,000 and an economic gain of \$2,804,431. As of June 30, 2023, \$29,380,000 of the bonds are outstanding.

On February 22, 2023, the District issued Unlimited Tax School Building Bonds, Series 2023. The total issue was \$137,690,000.

A summary of changes in general long-term debt for the year ended June 30, 2023, is as follows:

Description	Interest Rate Payable	Original Issued	Outstanding 6/30/2022	Issued	Retired	Outstanding 6/30/2023
Unlimited Tax Refunding Bonds - Series 2010	2.00% - 4.00%	\$ 5,070,000	\$ 510,000	\$ -	\$ 510,000	\$ -
Unlimited Tax Refunding Bonds - Series 2015	2.00% - 5.00%	27,150,000	22,625,000	-	390,000	22,235,000
Unlimited Tax School Building & Refunding Bonds - Series 2015	2.00% - 5.00%	15,780,000	8,855,000	-	1,710,000	7,145,000
Unlimited Tax School Building & Bonds - Series 2023	4.00% - 5.00%	137,690,000	-	137,690,000	-	137,690,000
Totals			<u>\$ 31,990,000</u>	<u>\$ 137,690,000</u>	<u>\$ 2,610,000</u>	<u>\$ 167,070,000</u>

Debt Service requirements are as follows:

Years Ending June 30,	Principal	Interest	Total
2024	\$ 3,195,000	\$ 9,011,671	\$ 12,206,671
2025	2,850,000	8,831,888	11,681,888
2026	3,255,000	8,902,500	12,157,500
2027	2,795,000	8,316,300	11,111,300
2028	2,700,000	9,373,350	12,073,350
2029-2033	24,945,000	31,181,750	56,126,750
2034-2038	31,220,000	24,401,500	55,621,500
2039-2043	27,790,000	16,949,850	44,739,850
2044-2048	30,775,000	11,298,600	42,073,600
2049-2053	37,545,000	4,625,400	42,170,400
Total Bonded Debt	<u>\$ 167,070,000</u>	<u>\$ 132,892,809</u>	<u>\$ 299,962,809</u>

There was \$2,684,688 in bond interest expense paid for during the year.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

D. Capital Asset Activity

Governmental capital asset activity for the District for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Governmental Activities:				
Land	\$ 5,838,168	\$ 587,500	\$ -	\$ 6,425,668
Building and Improvements	169,340,280	3,578,358	-	172,918,638
Furniture and Equipment	14,594,583	1,882,900	501,710	15,975,773
Construction in Progress	2,309,955	8,314,673	2,309,955	8,314,673
Intangible SBITA Asset	-	1,597,581	-	1,597,581
Intangible Right-to-Use Lease Asset	366,471	276,500	-	642,971
Totals at Historical Cost	192,449,457	16,237,512	2,811,665	205,875,304
Less Accumulated Depreciation				
Buildings and Improvements	84,649,585	5,049,391	-	89,698,976
Furniture and Equipment	11,226,566	1,018,762	470,078	11,775,250
Less Accumulated Amortization for				
Intangible SBITA Asset	-	348,476	-	348,476
Less Accumulated Amortization for				
Intangible Right-to-Use Lease Asset	263,531	146,773	-	410,304
Total Accumulated Depreciation	96,139,682	6,563,402	470,078	102,233,006
Governmental Activities				
Capital Assets, Net	<u>\$ 96,309,775</u>	<u>\$ 9,674,110</u>	<u>\$ 2,341,587</u>	<u>\$ 103,642,300</u>

Business-type capital asset activity for the District for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Business-type Activities:				
Building and Improvements	\$ 9,200	\$ -	\$ -	\$ 9,200
Furniture and Equipment	269,005	-	24,420	244,585
Intangible Right-to-Use Lease Asset	-	103,142	-	103,142
Totals at Historical Cost	278,205	103,142	24,420	356,927
Less Accumulated Depreciation				
Buildings and Improvements	8,755	296	-	9,051
Furniture and Equipment	264,116	4,889	24,420	244,585
Less Accumulated Amortization for				
Intangible Right-to-Use Lease Asset	-	30,457	-	30,457
Total Accumulated Depreciation	272,871	35,642	24,420	284,093
Business-type Activities				
Capital Assets, Net	<u>\$ 5,334</u>	<u>67,500</u>	<u>-</u>	<u>\$ 72,833</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

D. Capital Asset Activity (Continued)

Fiduciary capital asset activity for the District for the year ended June 30, 2023, was as follows:

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Fiduciary Activities:				
Furniture and Equipment	\$ -	\$ 69,077	\$ -	\$ 69,077
Totals at Historical Cost	<u>-</u>	<u>69,077</u>	<u>-</u>	<u>69,077</u>
Less Accumulated Depreciation				
Furniture and Equipment	-	4,474	-	4,474
Total Accumulated Depreciation	<u>-</u>	<u>4,474</u>	<u>-</u>	<u>4,474</u>
Fiduciary Activities				
Capital Assets, Net	<u>\$ -</u>	<u>\$ 64,602</u>	<u>\$ -</u>	<u>\$ 64,602</u>

Depreciation expense was charged to governmental functions as follows:

	Governmental		
	ROU Leases	SBITAs	Fixed Assets
Instruction	\$ 128,081	\$ 207,084	\$ 4,835,322
Instructional Resource & Media Services	-	66,475	55,183
Curriculum & Instructional Staff Development	8,000	4,074	5,943
School Leadership	-	1,007	-
Health Services	-	-	252,470
Guidance, Counseling Evaluation	-	3,681	-
Student Transportation	-	-	123,100
Food Services	257	-	465,521
Cocurricular/Extracurricular Activities	1,606	8,222	-
General Administration	5,963	20,904	244,868
Plant Maintenance and Operations	2,866	-	59,428
Data Processing Services	-	34,213	-
Security and Monitoring Services	-	2,816	26,318
Total	<u>\$ 146,773</u>	<u>\$ 348,476</u>	<u>\$ 6,068,153</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

D. Capital Asset Activity (Continued)

Depreciation expense was charged to business-type and fiduciary functions as follows:

	Business-Type		Fiduciary
	Fixed Assets	ROU Leases	Fixed Assets
Instruction	-	-	3,316
Instructional Resource & Media Services	5,186	-	-
Cocurricular/Extracurricular Activities	-	-	1,158
General Administration	-	30,457	-
Total	<u>\$ 5,186</u>	<u>\$ 30,457</u>	<u>\$ 4,474</u>

E. Changes in Long-term Liabilities

Long-term activity for the year ending June 30, 2023 was as follows:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds	\$ 31,990,000	\$ 137,690,000	\$ 2,610,000	\$ 167,070,000	\$ 3,195,000
Accretion on Capital Appreciation Bonds	7,529,219	1,325,765	1,625,000	7,229,984	(610,524)
Bond Premium	10,831,419	8,239,861	725,929	18,345,351	835,816
Loans	10,860,567	-	1,299,650	9,560,917	1,305,267
SBITAs	-	1,597,581	548,045	1,049,536	496,269
Leases	106,749	276,500	144,646	238,603	119,210
Total Governmental Activities Long-term Liabilities	<u>\$ 61,317,954</u>	<u>\$ 149,129,707</u>	<u>\$ 6,953,270</u>	<u>\$ 203,494,393</u>	<u>\$ 5,341,038</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

F. General Fund Federal Source Revenues

Indirect cost revenues were determined by applying approved indirect cost rates to actual applicable expenditures of federally-funded grant programs.

Program or Source	Federal Assistance Listing Number	Amount	Total Grant or Entitlement
Medicaid - School Health and Related Services (SHARS)	N/A	\$ 1,059,102	\$ 1,059,102
Medicaid Administrative Claims	93.778	28,794	28,794
ECF Funding	39.002	2,183,833	2,183,833
E-Rate	N/A	63,360	63,360
Indirect Costs:			
Child Nutrition - Breakfast	10.553	66,029	66,029
Child Nutrition - Lunch	10.555	215,019	215,019
ESSA, Title I, Part A	84.010A	70,681	70,681
2021-2023 TTL I, 1002 ESF-Focused Support Grant	84.010A	2,596	2,596
TTL I, 1003 School Improvement Grant	84.010A	1,124	1,124
IDEA-B, Formula	84.027A	61,737	61,737
COVID- 19, IDEA-B, Formula, ARP	84.027X	6,443	6,443
IDEA-B, Discretionary	84.027A	665	665
IDEA-B, Preschool	84.173A	855	855
ESSA, Title II Part A	84.367A	13,910	13,910
Title III, Part A, Immigrant, ELA	84.365A	1,992	1,992
Perkins V: Strengthening CTE For 21st Century	84.048A	3,303	3,303
Title IV, Part A, Subpart I	84.424A	11,132	11,132
21st Century Community Learning Center	84.287C	2,165	2,165
COVID- 19 ESSER II	84.425D	403,151	403,151
COVID- 19 Learning Supports - (TCLAS) ESSER III	84.425U	64,539	64,539
COVID- 19 ESSER III	84.425U	381,155	381,155
COVID- 19 ARP Education for Homeless	84.425W	2,709	2,709
Total		<u>\$ 4,644,294</u>	<u>\$ 4,644,294</u>

G. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll on January 1, 2022, upon which the levy for the 2022-2023 fiscal year was based, was \$2,674,488,506. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9429 and \$0.2550 per \$100 valuation, for a total of \$1.1979 per \$100 valuation.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

G. Property Taxes (Continued)

Total tax collections for the year ended June 30, 2023, were 99% of the current year adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of June 30, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,309,055 and \$332,437 for the General and Debt Service Funds, respectively.

H. Pension Plan Obligations

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

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

Pension Plan Fiduciary Net Position – Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at 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.

The information provided in the Notes to the Financial Statements in the 2022 ACFR for TRS provides the following information regarding the Pension Plan Fiduciary net position as of August 31, 2022.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	<u>(184,185,617,196)</u>
Net Pension Liability	<u><u>\$ 59,367,428,259</u></u>
 Net Position as percentage of Total Pension Liability	 75.62%

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

H. Pension Plan Obligations (Continued)

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

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	7.75%
Employers	7.75%	7.75%
Texarkana 2023 Employer Contributions	\$	2,774,354
Texarkana 2023 Member Contributions	\$	4,916,077
Texarkana 2022 NECE On-Behalf Contributions	\$	3,021,628

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).

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

H. Pension Plan Obligations (Continued)

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

- On the portion of the member’s salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member’s first 90 days of employment.
- When any or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

- All public schools must contribute 1.7 percent of the member’s salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of 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, 2022, actuarial valuation was determined using the following actuarial assumption:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate	3.91%
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc Post Employment Benefit Changes	None

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

Discount Rate – The single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% 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.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

H. Pension Plan Obligations (Continued)

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022, are summarized below:

Asset Class	Target Allocation** %	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0 %	4.6 %	1.12 %
Non-U.S. Developed	13.0	4.9	0.90
Emerging Markets	9.0	5.4	0.75
Private Equity*	14.0	7.7	1.55
Stable Value			
Government Bonds	16.0 %	1.0%	0.22 %
Absolute Return*	0.0	3.7	0.00
Stable Value Hedge Funds	5.0	3.4	0.18
Real Return			
Real Estate	15.0 %	4.10 %	0.94 %
Energy, Natural Resources and Infrastructure	6.0	5.1	0.37
Commodities	0.0	3.6	0.00
Risk Parity	8.0 %	4.6 %	0.43 %
Asset Allocation Leverage			
Cash	2.0 %	3.0%	0.01 %
Asset Allocation Leverage	(6.0)	3.6	(0.05)
Inflation Expectation			2.70 %
Volatility Drag****			(0.91) %
Expected Return	100.0 %		8.19%

*Absolute Return includes Credit Sensative Investments.

**Target allocations are based on the FY2022 policy model.

***Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022).

****The volatility drag results from the conversion between arithmetic and geometric mean returns.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

H. Pension Plan Obligations (Continued)

Discount Rate Sensitivity Analysis – The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
TISD's proportionate share of the net pension liability:	\$44,382,321	\$28,530,295	\$15,681,483

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – On June 30, 2023, the District reported a liability of \$28,530,295 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	\$ 28,530,295
State's proportionate share that is associated with the District	<u>38,442,975</u>
Total	<u><u>\$ 66,973,270</u></u>

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

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.048057151% which was a decrease of 0.005880435% from its proportion measured as of August 31, 2021.

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

For the year ended June 30, 2023, the District recognized pension expense of \$7,904,257 and revenue of \$3,674,713 for support provided by the State.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

H. Pension Plan Obligations (Continued)

On June 30, 2023, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 413,687	\$ 622,014
Changes in actuarial assumptions	5,316,122	1,324,926
Difference between projected and actual investment earnings	2,818,702	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,463,602	966,100
Contributions paid to TRS subsequent to the measurement date	2,315,474	-
Total	\$ 13,327,587	\$ 2,913,040

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:

Year ended June 30:	Pension Expense Amount
2023	\$ -2,128,568
2024	-1,223,926
2025	-471,516
2026	-3,551,909
2027	-723,154
Thereafter	-

I. Deposits and Investments

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with FDIC insurance or pledged securities, as approved by the School Depository Act, with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be pledged in the name of the governmental entity and held by the entity or its agent. At June 30, 2023, the District and the component unit's deposits were covered by FDIC insurance or pledged securities held by the depository's agent for the benefit of the District.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

I. Deposits and Investments (Continued)

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investments pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to the investment practices as provided by the Act. Texarkana Independent School District is in substantial compliance with the requirements of the Act and with local policies.

FASB Accounting Standards Codification Subtopic 820-10 requires that investments in financial and nonfinancial assets be reported in a hierarchy which includes the following three different levels:

Level I: Assets are based on quoted prices or unadjusted quoted prices in active markets for identical assets or liabilities that the District has the ability to access at the District's year end.

Level II: Assets are based on other than quoted prices or adjusted quoted prices of similar assets or liabilities in markets that are not active.

Level III: Assets are based on unobservable inputs and which shall reflect the District's own assumptions about the asset or liabilities.

The fair value hierarchy gives the highest priority to Level I assets and the lowest priority to Level III assets. As of June 30, 2023, Texarkana Independent School District and its component unit had the following investments:

	Governmental & Agency Funds		Component Unit	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Level II Investments				
First Public Investment Pool	\$ 109,212,633	\$ 109,212,633	\$ -	\$ -
Bank Held Investments	1,574,278	1,574,278	411,715	411,715
Total Level II Investments	<u>110,786,910</u>	<u>110,786,910</u>	<u>411,715</u>	<u>411,715</u>
Investments measured at NAV	<u>-</u>	<u>-</u>	<u>98,620</u>	<u>98,620</u>
Total Investments	<u><u>\$ 110,786,910</u></u>	<u><u>\$ 110,786,910</u></u>	<u><u>\$ 510,335</u></u>	<u><u>\$ 510,335</u></u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

I. Deposits and Investments (Continued)

The bank held investments listed above include the following:

	District	Component Unit
Certificates of Deposit	\$ 1,574,278	\$ 411,715
Money Market Accounts	-	-
Total Bank Held Investments	\$ 1,574,278	\$ 411,715

Additional policies and contractual provisions governing deposits and investments for Texarkana Independent School District are specified below:

Credit Risk-To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in obligations of the United States or its agencies, certificates of deposit, repurchase agreements, banker’s acceptances, commercial paper, money market mutual funds, guaranteed investment contracts, and public funds investment pools.

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

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

Interest Rate Risk-To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires any internally created pool fund group shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall 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’s investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

Lone Star - The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is managed by an 11-member Board of Trustees and pursuant to the Investment Agreement, the Board is authorized and directed to adopt and maintain bylaws consistent with the bylaws of the Texas School Cash Management Program. Pursuant to Section 2256.016(g) of the Public Funds Investment Act, Lone Star has established an Advisory Board. The purpose of the Advisory Board is to gather and exchange information from participants and non-participants relating to Lone Star’s operations. The Board has entered into an agreement with the Texas Association of School Boards (TASB), a Texas nonprofit corporation, pursuant to which TASB serves as administrator of the Lone Star’s operations. Standard & Poor’s rates money market funds and has rated Lone Star as AAA. The net asset value of the District’s investment in Lone Star approximates fair value.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

J. Investment in Beneficial Interest in the Arkansas Community Foundation

In a prior year, the component unit (Foundation) transferred funds to the Arkansas Community Foundation (ACF), which is a permanently restricted endowment fund for which only the earnings on the investments can be distributed at the discretion of the ACF.

The beneficial interests in the ACF are recorded at the net asset value of the underlying assets which include but are not limited to common stocks, mutual funds, government bonds, corporate bonds, mortgage-backed securities, fixed income funds, partnerships and cash. The net asset value is used as a practical expedient to estimate fair value.

This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the net asset value. The Foundation's assets measured at the net asset value are not classified within the fair value hierarchy. See Note I.

The following table summarizes investments for which fair value is measured using the net asset value per share as a practical expedient as of June 30, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Arkansas Community Foundation	\$ 98,620	N/A	N/A	N/A

K. Depository Contract Law

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

At June 30, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$78,028,482 and the bank balance was \$79,405,285. At year end, the District's cash deposits were covered by FDIC insurance or by pledged collateral held by the District's agent banks.

L. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2023, are summarized on the following page.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

L. Due from Other Governments (Continued)

All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

	<u>State Entitlements</u>	<u>Federal & State Grants</u>	<u>Taxing Authority</u>	<u>Total</u>
General Fund	\$ 5,275,683	\$ 986,592	\$ 1,258,698	\$ 7,520,974
Special Revenue Fund	-	6,124,644	-	6,124,644
Total	<u>\$ 5,275,683</u>	<u>\$ 7,111,236</u>	<u>\$ 1,258,698</u>	<u>\$ 13,645,618</u>

M. Interfund Receivables and Payables

Interfund balances at June 30, 2023, consisted of the following individual fund receivables and payables for the Governmental, Business Type and Trust and Agency Funds:

	<u>Receivable</u>	<u>Payable</u>
General Fund		
Debt Service Fund	\$ -	\$ 387,770
General Fund	1,317,689	1,284,230
Total General Fund	<u>1,317,689</u>	<u>1,672,000</u>
Debt Service Fund		
General Fund	354,311	-
Total Debt Service Fund	<u>354,311</u>	<u>-</u>
Grand Totals	<u>\$ 1,672,000</u>	<u>\$ 1,672,000</u>

N. Concentration of Credit Risks

The District's receivables consist primarily of amounts due from the State of Texas, the Federal Government and taxpayers within the District's taxing jurisdiction.

O. Accumulated Unpaid Vacation and Sick Leave Benefits

Upon retirement of certain employees, the District pays up to 30 days of local accumulated leave time at a maximum rate of \$50 per day. Due to the indeterminate nature of the obligation, no accrual is included in the general purpose financial statements.

P. Health Care Coverage

As disclosed above, as of October 1, 2002, the District began participating in the State Insurance Program. In accordance with the new plan provisions, the District paid \$242 in premiums on behalf of each employee. The remaining premiums were paid by the employees based upon the coverage elections.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Q. Loans

In 2010, the District obtained a loan for \$6,512,905 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections. This note retired \$3,212,905 of outstanding loans.

In 2011, the District obtained a loan for \$7,797,730 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections. This note retired \$7,100,517 of outstanding loans.

In 2018, the District obtained a loan for \$4,925,000 under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections.

In 2019, the District obtained two loans for \$1,000,000 each under the Texas Education Code, Section 45.108 which is payable from maintenance tax collections.

A summary of the long-term loan activity for the year ended June 30, 2023, is as follows:

<u>Year Approved</u>	<u>Loan Purpose</u>	<u>Interest Rate</u>	<u>Total Loans Authorized</u>	<u>Amt Outstanding 6/30/2022</u>	<u>Borrowed</u>	<u>Retired</u>	<u>Amt Outstanding 6/30/2023</u>
Payable from Debt Service Fund							
2019	Maintenance	2.50%	\$ 1,000,000	\$ 870,000	\$ -	\$ 40,000	830,000
2019	Maintenance	2.00%	1,000,000	810,000	-	65,000	745,000
2018	Maintenance	2.84%	4,925,000	4,485,000	-	195,000	4,290,000
2011	Maintenance	2.96%	7,797,730	2,995,001	-	565,454	2,429,546
2010	Maintenance	2.95%	6,512,905	1,700,566	-	434,196	1,266,370
				<u>\$ 10,860,567</u>	<u>\$ -</u>	<u>\$ 1,299,650</u>	<u>\$ 9,560,917</u>

Interest expense for 2023 was \$339,886.

Debt service requirements are as follows:

Year Ended June 30,	Debt Service		
	Principal	Interest	Total
2024	\$ 1,305,267	\$ 294,814	\$ 1,600,081
2025	1,384,087	254,144	1,638,231
2026	1,427,052	210,237	1,637,289
2027	1,499,511	169,642	1,669,153
2028	1,505,000	132,331	1,637,331
2029-2033	2,105,000	198,706	2,303,706
2034-2038	335,000	41,900	376,900
	<u>\$ 9,560,917</u>	<u>\$ 1,301,774</u>	<u>\$ 10,862,691</u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

R. Right-to-Use Lease Obligations

A summary of the governmental right-to-use lease activity for the year ended June 30, 2023, is as follows:

<u>Asset Type</u>	Right-to-Use Lease Asset 6/30/2022	Additions	Deductions	Lease Asset 6/30/2023
Copier/Printer	\$ 337,590	\$ 276,500	\$ -	\$ 614,090
Postage Machine	28,882	-	-	28,882
	<u>\$ 366,472</u>	<u>\$ 276,500</u>	<u>\$ -</u>	<u>\$ 642,972</u>
<u>Asset Type</u>	Accumulated Amortization 6/30/2022	Additions	Deductions	Accumulated Amortization 6/30/2023
Copier/Printer	\$ (249,593)	\$ (142,373)	\$ -	\$ (391,966)
Postage Machine	(13,938)	(4,399)	-	(18,337)
	<u>\$ (263,528)</u>	<u>\$ (146,773)</u>	<u>\$ -</u>	<u>\$ (410,304)</u>
ROU Leased Asset (net)	<u>\$ 102,944</u>	<u>\$ 129,727</u>	<u>\$ -</u>	<u>\$ 232,667</u>
<u>Asset Type</u>	Right-to-Use Lease Liability 6/30/2022	Additions	Deductions	Amt Outstanding 6/30/2023
Copier/Printer	\$ 91,685	\$ 276,500	\$ 140,370	\$ 227,815
Postage Machine	15,064	-	4,276	10,788
	<u>\$ 106,749</u>	<u>\$ 276,500</u>	<u>\$ 144,646</u>	<u>\$ 238,603</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

R. Right-to-Use Lease Obligations (Continued)

A summary of the business-type right-to-use lease activity for the year ended June 30, 2023, is as follows:

<u>Asset Type</u>	Right-to-Use Lease Asset 6/30/2022	Additions	Deductions	Lease Asset 6/30/2023
Copier/Printer	\$ -	\$ 103,142	\$ -	\$ 103,142
<u>Asset Type</u>	Accumulated Amortization 6/30/2022	Additions	Deductions	Accumulated Amortization 6/30/2023
Copier/Printer	\$ -	\$ (30,457)	\$ -	\$ (30,457)
ROU Leased Asset (net)	\$ -	\$ 72,685	\$ -	\$ 72,685
<u>Asset Type</u>	Right-to-Use Lease Liability 6/30/2022	Additions	Deductions	Amt Outstanding 6/30/2023
Copier/Printer	\$ -	\$ 103,142	\$ 30,457	\$ 72,685

Amounts due for the right-to-use lease obligations are as follows:

Year Ended June 30,	Governmental		Business-Type	
	Principal Due	Interest Due	Principal Due	Interest Due
2024	\$ 119,210	\$ 5,858	\$ 34,276	\$ 1,855
2025	102,794	2,321	35,407	724
2026	16,027	157	3,003	8
2027	572	2	-	-
	<u>\$ 238,603</u>	<u>\$ 8,338</u>	<u>\$ 72,685</u>	<u>\$ 2,587</u>

Governmental lease interest expense for the year ended June 30, 2023 was \$9,573. Business-type lease interest expense for the year ended June 30, 2023 was \$2,663.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

S. Subscription-Based Information Technology Arrangements

A summary of the subscription-based information technology arrangements (SBITA) activity for the year ended June 30, 2023, is as follows:

<u>Asset Type</u>	Right-to-Use SBITA Asset			SBITA Asset
	6/30/2022	Additions	Deductions	6/30/2023
Education	\$ -	\$ 1,248,685	\$ -	\$ 1,248,685
Extracurricular	-	53,577	-	53,577
Administration	-	147,609	-	147,609
Security	-	35,443	-	35,443
Data Processing	-	112,268	-	112,268
	<u>\$ -</u>	<u>\$ 1,597,581</u>	<u>\$ -</u>	<u>\$ 1,597,582</u>

<u>Asset Type</u>	Accumulated Amortization			Accumulated Amortization
	6/30/2022	Additions	Deductions	6/30/2023
Education	\$ -	\$ (277,633)	\$ -	\$ (277,633)
Extracurricular	-	(8,222)	-	(8,222)
Administration	-	(25,592)	-	(25,592)
Security	-	(2,816)	-	(2,816)
Data Processing	-	(34,213)	-	(34,213)
	<u>\$ -</u>	<u>\$ (348,476)</u>	<u>\$ -</u>	<u>\$ (348,476)</u>

SBITA Asset (net)	<u>\$ -</u>	<u>\$ 1,249,105</u>	<u>\$ -</u>	<u>\$ 1,249,105</u>
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<u>Asset Type</u>	SBITA Liability			Amt Outstanding
	6/30/2022	Additions	Deductions	6/30/2023
Education	\$ -	\$ 1,248,685	\$ 432,029	\$ 816,656
Extracurricular	-	53,577	18,570	35,007
Administration	-	147,609	38,338	109,271
Security	-	35,443	20,640	14,803
Data Processing	-	112,268	38,468	73,800
	<u>\$ -</u>	<u>\$ 1,597,581</u>	<u>\$ 548,045</u>	<u>\$ 1,049,536</u>

Amounts due for the SBITA obligations are as follows:

<u>Year Ended June 30,</u>	<u>Principal Due</u>	<u>Interest Due</u>
2024	\$ 496,269	\$ 26,935
2025	514,859	7,864
2026	18,938	640
2027	19,470	93
	<u>\$ 1,049,536</u>	<u>\$ 35,532</u>

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

T. Litigation

At June 30, 2023, the District is not a defendant in any lawsuit. Accordingly, no liability has been reported in the financial statements.

U. Workers' Compensation

On September 1, 2011, Texarkana ISD opted out of the self-funded workers' compensation program with other member school districts. The District's current coverage is with TASB Risk Management Fund for a fixed rate of \$256,162 from July 1, 2022 thru July 1, 2023. The District is still responsible for past liabilities with Claims Administrative Services. The accrued liability for Claims Administrative Services self-insurance of \$8,716 includes incurred but not reported claims. This liability reported in the fund as of June 30, 2023 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be due to changes in legal doctrines, and damage awards. This process used in computing the liability does not result necessarily in an exact amount. The liability booked was the discounted estimate of the actuary at the mean funding level.

Changes in the workers' compensation claims liability in fiscal years ended June 30, 2023 and 2022 are represented below:

	2023	2022
Beginning of Fiscal Year Liability	\$ 12,531	\$ 15,761
Current Year Claims and Changes	(3,380)	(1,499)
Claims Payments	(435)	(1,729)
End of Fiscal Year Liability	\$ 8,716	\$ 12,531

V. Deferred Inflows of Resources and Unearned Revenues

Deferred revenue of the individual funds of the District at June 30, 2023, consisted of the following:

	General Fund	Special Revenue	Debt Service	Total
Net Tax Revenue	\$ 926,037	\$ -	\$ 170,665	\$ 1,096,702
Textbook Allotment (IMA)	-	111,231	-	111,231
Advanced Placement Allotment	-	88	-	88
Tigers Children's Clinic	-	46,915	-	46,915
Public School CCS	-	1,455,429	-	1,455,429
Head Start	-	5,726	-	5,726
	\$ 926,037	\$ 1,619,388	\$ 170,665	\$ 2,716,090

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

W. Medicare Prescription Drug, Improvement, and Modernization Act

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 Schools 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 have been recorded as equal revenues and expenditures in the amount of \$326,579, \$230,286, and \$229,430 for 2023, 2022, and 2021, respectively.

X. Revenues from Local and Intermediate Sources

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 24,341,457	-	\$ 6,511,723	-	\$ 30,853,180
Investment Income	1,211,704	239,946	271,760	2,448,266	4,171,677
Penalties & Interest	270,613	-	124,577	-	395,190
Tuition & Fees	66,468	730	-	-	67,198
Virtual School	10,000	-	-	-	10,000
Rent	56,773	-	-	-	56,773
Food Service	-	592,571	-	-	592,571
Gifts and Bequests	40,829	49,552	-	-	90,381
Athletic	141,835	-	-	-	141,835
Student Activity	7,883	685,528	-	-	693,411
Intermediate	62,973	-	-	-	62,973
Insurance Recovery	119,758	-	-	-	119,758
Other	798,696	10,773	-	-	809,469
	<u>\$ 27,128,989</u>	<u>\$ 1,579,100</u>	<u>\$ 6,908,060</u>	<u>\$ 2,448,266</u>	<u>\$ 38,064,415</u>

Y. 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 defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Y. Defined Other Post-Employment Benefit Plans (Continued)

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS ACFR that includes financial statements and required supplementary information. That report may be obtained in 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.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2022, are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 27,061,942,520
Less: Plan Fiduciary Net Position	(3,117,937,218)
Net OPEB Liability	<u>\$ 23,944,005,302</u>
 Net Position as percentage of Total OPEB Liability	 11.52%

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

TRS-Care Monthly Premium Rates

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

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.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Y. Defined Other Post-Employment Benefit Plans (Continued)

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 or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The table on the following page shows contributions to the TRS-Care plan by type of contributor.

	<u>2022</u>	<u>2023</u>
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%
District's 2023 FY Employer Contributions	\$	612,567
District's 2023 FY Member Contributions	\$	399,435
District's 2022 NECE On-Behalf Contributions	\$	677,911

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

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

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

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

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Y. Defined Other Post-Employment Benefit Plans (Continued)

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% - 9.05%, including inflation
Ad-hoc Post Employment Benefit Changes	None

Discount Rate. A single discount rate of 3.91 percent was used to measure the Total OPEB liability. This was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is 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's plan fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point higher than the discount rate that was used in measuring the Net OPEB Liability.

	1% Decrease (2.91%)	Current Single Discount Rate (3.91%)	1% Increase (4.91%)
District's proportionate share of the net OPEB liability	\$ 19,102,268	\$ 16,201,004	\$ 13,850,607

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

Y. Defined Other Post-Employment Benefit Plans (Continued)

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 health rates assumed.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 13,349,700	\$ 16,201,004	\$ 19,897,352

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

At June 30, 2023, the District reported a liability of \$16,201,004 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	\$ 16,201,004
State's proportionate share that is associated with the District	19,762,679
Total	<u>\$ 35,963,683</u>

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

At August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.067662045%, which is an increase of 03005993807% from its proportion measured as of August 31, 2021.

Changes Since the Prior Actuarial Valuation:

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period:

- The discount rate changed from 1.95% as of August 31, 2021, to 3.91%, as of August 31, 2022. This change decreased the Total OBEP liability.

Changes of Benefit Terms:

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

The amount of OPEB expense recognized by the District in the reporting period was \$1,590,828.

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Y. Defined Other Post-Employment Benefit Plans (Continued)

At June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 900,718	\$ 13,496,890
Changes in actuarial assumptions	2,467,734	11,255,494
Difference between projected and actual investment earnings	48,258	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,196,099	1,032,556
Contributions paid to TRS subsequent to the measurement date	507,334	-
Total	\$ 9,120,143	\$ 25,784,940

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	Pension Expense Amount
2023	\$ -3,314,983
2024	-3,314,808
2025	-2,627,783
2026	-1,697,661
2027	-2,134,549
Thereafter	-4,082,347

Z. Interfund Transfers

Interfund transfers for the year ended June 30, 2023, are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:	\$ -	\$ 1,641,115
General Fund	-	1,641,115
Debt Service Fund:	1,641,115	-
Debt Service Fund	1,641,115	-
	<u>\$ 1,641,115</u>	<u>\$ 1,641,115</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

AA. Virtual School

Beginning in the 2022-2023 school year, the District contracted with K12 Virtual Schools, LLC to offer a virtual learning environment to students across the state of Texas. District enrollment for the 2022-2023 school year included 300 virtual students. State funding received by the District for the majority of these students has been remitted to K12 Virtual Schools, LLC to operate the campus as of June 30, 2023.

BB. Elementary and Secondary School Emergency Relief Fund (ESSER)

In response to the COVID-19 pandemic, the United States Congress passed a Coronavirus Aid, Relief, and Economic Security Act (CARES Act), an aids package designed to help the economy as it suffers from the effects of the COVID-19 pandemic. Part of the CARES Act was the Elementary and Secondary School Emergency Relief (ESSER) funding which could be used by school districts to cover expenses incurred on or after March 13, 2020. The District was able to apply for this grant through TEA starting in June of 2020. Entitlement for this grant was determined by the District's proportionate share of the state's Title I, Part A grant received for the year ended June 30, 2020. The District was able to apply for the second round of funding, ESSER II, beginning in 2020. TISD was awarded total federal funding of \$9,188,881. Of this amount, \$4,829,210 was expended in the 2021-2022 year and \$3,318,439 was spent in the 2022-2023 year. The remainder will be used for future years.

The district was also awarded ESSER III funding in February 2022 in the amount of \$20,643,587. Of this award amount, the district spent \$4,486,481 during the 2021-22 year and \$6,800,121 in the 2022-2023 year. The remaining funds will be spent by the district before the grant end date.

DD. Subsequent Events

Management has evaluated subsequent events through November 7, 2023, the date the financial statements were available for issue.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption in people's lives. The pandemic has impacted the District both directly and indirectly. Although there is a presumption that there will be further effects on the financial performance of the District, there already has been an increase in federal funding (See Note BB). Any other effects on the operations of the school district are immeasurable at the date that the financial statements were available for distribution.

EE. Contingent Liability

The District has maintained insurance coverage through the Texas Association of Public Schools Property and Liability Fund (TAPS) for a number of years. This cost-sharing risk pool arrangement did not have sufficient funds to meet its obligations for the 2015-2016 year resulting in an assessment of members. Since that assessment, TAPS has filed for bankruptcy protection which may result in an additional assessment of members to fund in any further losses. Any additional assessment of members, if any, cannot be reasonably estimated, but the District is of the opinion that it would not significantly impact operations.

Required Supplementary Information

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 25,114,916	\$ 26,635,071	\$ 27,128,989	\$ 493,918
5800	State Program Revenues	46,758,017	50,266,607	46,164,585	(4,102,022)
5900	Federal Program Revenues	4,207,000	4,458,507	4,644,294	185,787
5020	Total Revenues	76,079,933	81,360,185	77,937,868	(3,422,317)
EXPENDITURES:					
Current:					
0011	Instruction	43,295,698	46,126,080	44,784,448	1,341,632
0012	Instructional Resources and Media Services	406,541	687,860	574,630	113,230
0013	Curriculum and Instructional Staff Development	2,382,713	2,432,533	2,229,090	203,443
0021	Instructional Leadership	109,799	123,799	117,282	6,517
0023	School Leadership	5,869,083	5,893,263	5,767,898	125,365
0031	Guidance, Counseling, and Evaluation Services	1,883,536	1,850,536	1,789,829	60,707
0032	Social Work Services	80,941	80,941	61,384	19,557
0033	Health Services	471,625	541,625	526,316	15,309
0034	Student (Pupil) Transportation	179,324	550,124	455,018	95,106
0036	Extracurricular Activities	2,861,868	3,069,878	2,988,899	80,979
0041	General Administration	6,175,220	4,967,318	4,589,817	377,501
0051	Facilities Maintenance and Operations	9,904,452	10,313,170	10,296,726	16,444
0052	Security and Monitoring Services	1,012,264	2,470,404	1,303,301	1,167,103
0053	Data Processing Services	151,170	2,466,060	2,388,032	78,028
0061	Community Services	55,000	55,243	52,413	2,830
Debt Service:					
0071	Principal on Long-Term Liabilities	-	565,427	504,143	61,284
0072	Interest on Long-Term Liabilities	-	9,573	9,573	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	418,000	418,000	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	729,790	690,707	690,707	-
0099	Other Intergovernmental Charges	415,000	466,388	466,388	-
6030	Total Expenditures	75,984,024	83,778,929	80,013,894	3,765,035
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	95,909	(2,418,744)	(2,076,026)	342,718
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	29,315	29,315
7913	Proceeds of Right-to-Use Lease	-	1,486,344	1,328,933	(157,411)
8911	Transfers Out (Use)	(738,089)	(1,640,089)	(1,641,115)	(1,026)
7080	Total Other Financing Sources (Uses)	(738,089)	(153,745)	(282,867)	(129,122)
1200	Net Change in Fund Balances	(642,180)	(2,572,489)	(2,358,893)	213,596
0100	Fund Balance - July 1 (Beginning)	16,869,717	16,869,717	16,869,717	-
3000	Fund Balance - June 30 (Ending)	\$ 16,227,537	\$ 14,297,228	\$ 14,510,824	\$ 213,596

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,500,000	\$ 1,500,000	\$ 843,289	\$ (656,711)
5800 State Program Revenues	275,000	641,695	68,036	(573,659)
5900 Federal Program Revenues	5,650,000	6,270,000	8,456,327	2,186,327
5020 Total Revenues	<u>7,425,000</u>	<u>8,411,695</u>	<u>9,367,652</u>	<u>955,957</u>
EXPENDITURES:				
Current:				
0035 Food Services	6,957,786	10,200,937	7,691,841	2,509,096
0051 Facilities Maintenance and Operations	460,300	460,300	333,450	126,850
Debt Service:				
0071 Principal on Long-Term Liabilities	-	3,500	-	3,500
6030 Total Expenditures	<u>7,418,086</u>	<u>10,664,737</u>	<u>8,025,291</u>	<u>2,639,446</u>
1200 Net Change in Fund Balances	6,914	(2,253,042)	1,342,361	3,595,403
0100 Fund Balance - July 1 (Beginning)	<u>5,470,926</u>	<u>5,470,926</u>	<u>5,470,926</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 5,477,840</u>	<u>\$ 3,217,884</u>	<u>\$ 6,813,287</u>	<u>\$ 3,595,403</u>

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.048057151%	0.042176716%	0.043362728%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 28,530,295	\$ 10,740,917	\$ 23,224,192
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	38,442,975	17,524,618	37,218,405
Total	<u>\$ 66,973,270</u>	<u>\$ 28,265,535</u>	<u>\$ 60,442,597</u>
District's Covered Payroll	\$ 57,539,284	\$ 53,028,070	\$ 52,764,746
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	49.58%	20.26%	44.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.045942704%	0.043882251%	0.043607001%	0.042579704%	0.0451433%	0.0302714%
\$ 23,882,454	\$ 24,153,856	\$ 13,943,170	\$ 16,090,237	\$ 15,957,556	\$ 8,085,909
32,678,873	35,726,107	21,455,491	24,671,300	24,042,933	20,777,771
<u>\$ 56,561,327</u>	<u>\$ 59,879,963</u>	<u>\$ 35,398,661</u>	<u>\$ 40,761,537</u>	<u>\$ 40,000,489</u>	<u>\$ 28,863,680</u>
\$ 47,700,440	\$ 45,511,968	\$ 44,631,358	\$ 41,757,954	\$ 41,337,593	\$ 39,650,152
50.07%	53.07%	31.24%	38.53%	38.60%	20.39%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 2,774,354	\$ 2,242,397	\$ 1,794,309
Contribution in Relation to the Contractually Required Contribution	(2,774,354)	(2,242,397)	(1,794,309)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 61,450,985	\$ 56,819,799	\$ 52,060,707
Contributions as a Percentage of Covered Payroll	4.51%	3.95%	3.45%

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

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

	2020	2019	2018	2017	2016	2015
\$	1,877,521	\$ 1,646,864	\$ 1,501,629	\$ 1,435,637	\$ 1,353,476	\$ 1,238,865
	(1,877,521)	(1,646,864)	(1,501,629)	(1,435,637)	(1,353,476)	(1,238,865)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	52,487,767	\$ 47,132,909	\$ 45,155,158	\$ 44,394,809	\$ 41,530,144	\$ 40,954,566
	3.58%	3.49%	3.33%	3.23%	3.26%	3.02%

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.067662045%	0.061668239%	0.063815449%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 16,201,004	\$ 23,788,195	\$ 24,259,134
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	19,762,679	31,870,880	32,598,461
Total	<u>\$ 35,963,683</u>	<u>\$ 55,659,075</u>	<u>\$ 56,857,595</u>
District's Covered Payroll	\$ 57,539,284	\$ 53,028,070	\$ 52,764,746
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	28.16%	44.86%	45.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.062106044%	0.060147532%	0.057887354%
\$ 29,370,707	\$ 30,032,213	\$ 25,173,039
39,027,103	36,330,124	33,091,458
<u>\$ 68,397,810</u>	<u>\$ 66,362,337</u>	<u>\$ 58,264,497</u>
\$ 47,700,440	\$ 45,511,968	\$ 44,631,358
61.57%	65.99%	56.40%
2.66%	1.57%	0.91%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 612,567	\$ 545,383	\$ 469,143
Contribution in Relation to the Contractually Required Contribution	(612,567)	(545,383)	(469,143)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 61,450,985	\$ 56,819,799	\$ 52,060,707
Contributions as a Percentage of Covered Payroll	1.00%	0.96%	0.90%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

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

	2020	2019	2018	2017
\$	486,354	\$ 441,526	\$ 392,108	\$ 298,575
	(486,354)	(441,526)	(392,108)	(298,575)
\$	-	\$ -	\$ -	\$ -
\$	(52,487,787)	\$ (47,132,909)	\$ 45,155,158	\$ 44,394,809
	0.93%	0.94%	0.87%	0.67%

Notes to Required Supplementary Information

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

A. Notes to the General Fund Budgetary Schedule

The District originally budgeted for a total of \$75,984,024 in expenditures in the general fund. The final amended budget for general fund expenditures was \$83,778,929. Budgeted function 11 expenditures were increased by approximately \$2,800,000. Many small projects, upgrades, and additional state grants caused this variance. Budgeted function 52 expenditures were increased by approximately \$1,450,000. Multiple security upgrades and the hiring of additional campus police officers caused this variance. Budgeted function 53 expenditures were increased by approximately \$2,300,000. The District received Emergency Connectivity Funding (ECF) in the current year in order to purchase eligible equipment and broadband connections used to help students, staff, and parents who otherwise lack access, to be able to be engaged in remote learning.

B. Notes to the Child Nutrition Budgetary Schedule

The District originally budgeted for a total of \$7,418,086 in expenditures in the child nutrition fund. The final amended budget for child nutrition expenditures was \$10,664,737. However, the District ended up having actual expenditures of \$8,025,291.

C. Notes to Schedules for TRS Pension

Changes of Benefit Terms:

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of Assumptions:

The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

D. Notes to Schedules for the TRS OPEB Plan

Changes of Benefit Terms:

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of Assumptions:

The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022. Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB Liability

Other Supplementary Information

Non-major Governmental Funds

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

Data Control Codes	211 Title I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Due from Other Governments	751,184	374,697	-
1000 Total Assets	<u>\$ 751,184</u>	<u>\$ 374,697</u>	<u>\$ -</u>
LIABILITIES			
2110 Accounts Payable	\$ 201,676	\$ 216,661	\$ -
2150 Payroll Deductions and Withholdings Payable	34,395	11,358	-
2160 Accrued Wages Payable	515,113	146,678	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>751,184</u>	<u>374,697</u>	<u>-</u>
FUND BALANCES			
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 751,184</u>	<u>\$ 374,697</u>	<u>\$ -</u>

244 Perkins V	255 Title II, A Supporting Instruction	263 Title III, A English Lang. Acquisition	265 Title IV, B 21st CCLC	266 ESSER I	279 ESSER III TCLAS	280 ESSER III Homeless Children	281 ESSER II
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,073	125,107	13,927	472,588	-	187,072	3,097	545,560
<u>\$ 4,073</u>	<u>\$ 125,107</u>	<u>\$ 13,927</u>	<u>\$ 472,588</u>	<u>\$ -</u>	<u>\$ 187,072</u>	<u>\$ 3,097</u>	<u>\$ 545,560</u>
\$ 4,073	\$ 79,012	\$ 13,927	\$ 217,337	\$ -	\$ 36,388	\$ 3,097	\$ 349,553
-	2,003	-	5,871	-	3,471	-	12,109
-	44,092	-	249,380	-	147,213	-	183,898
-	-	-	-	-	-	-	-
<u>4,073</u>	<u>125,107</u>	<u>13,927</u>	<u>472,588</u>	<u>-</u>	<u>187,072</u>	<u>3,097</u>	<u>545,560</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,073</u>	<u>\$ 125,107</u>	<u>\$ 13,927</u>	<u>\$ 472,588</u>	<u>\$ -</u>	<u>\$ 187,072</u>	<u>\$ 3,097</u>	<u>\$ 545,560</u>

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

Data Control Codes	282 ESSER III	284 IDEA B Formula ARP Act	289 Title IV Part A Subpart I	315 SSA IDEA, Part B Discretionary
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	2,848,143	140,182	105,109	-
1000 Total Assets	<u>\$ 2,848,143</u>	<u>\$ 140,182</u>	<u>\$ 105,109</u>	<u>\$ -</u>
LIABILITIES				
2110 Accounts Payable	\$ 2,738,718	\$ 121,634	\$ 76,738	\$ -
2150 Payroll Deductions and Withholdings Payable	5,938	345	3,160	-
2160 Accrued Wages Payable	103,487	18,203	25,211	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>2,848,143</u>	<u>140,182</u>	<u>105,109</u>	<u>-</u>
FUND BALANCES				
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,848,143</u>	<u>\$ 140,182</u>	<u>\$ 105,109</u>	<u>\$ -</u>

397 Advanced Placement Incentives	410 State Instructional Materials	412 Public School Child Care Services	419 Head Start Ready To Read	428 Tiger Children's Clinic	429 TCLAS - GR	435 SSA Regional Day School - Deaf	459 Autism Grant
\$ 87	\$ 43,222	\$ 1,466,278	\$ -	\$ 46,915	\$ -	\$ -	\$ -
-	68,009	-	22,500	-	-	-	312,166
<u>\$ 87</u>	<u>\$ 111,231</u>	<u>\$ 1,466,278</u>	<u>\$ 22,500</u>	<u>\$ 46,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,166</u>
\$ -	\$ -	\$ 1,709	\$ 16,774	\$ -	\$ -	\$ -	\$ 234,431
-	-	214	-	-	-	-	3,141
-	-	8,926	-	-	-	-	74,594
87	111,231	1,455,429	5,726	46,915	-	-	-
<u>87</u>	<u>111,231</u>	<u>1,466,278</u>	<u>22,500</u>	<u>46,915</u>	<u>-</u>	<u>-</u>	<u>312,166</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 87</u>	<u>\$ 111,231</u>	<u>\$ 1,466,278</u>	<u>\$ 22,500</u>	<u>\$ 46,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,166</u>

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

Data Control Codes	461 Campus Activity Funds	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 542,290	\$ 2,098,792
1240 Due from Other Governments	-	5,973,414
1000 Total Assets	<u>\$ 542,290</u>	<u>\$ 8,072,206</u>
LIABILITIES		
2110 Accounts Payable	\$ 8,969	\$ 4,320,697
2150 Payroll Deductions and Withholdings Payable	-	82,005
2160 Accrued Wages Payable	-	1,516,795
2300 Unearned Revenue	-	1,619,388
2000 Total Liabilities	<u>8,969</u>	<u>7,538,885</u>
FUND BALANCES		
Assigned Fund Balance:		
3590 Other Assigned Fund Balance	<u>533,321</u>	<u>533,321</u>
3000 Total Fund Balances	<u>533,321</u>	<u>533,321</u>
4000 Total Liabilities and Fund Balances	<u>\$ 542,290</u>	<u>\$ 8,072,206</u>

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

Data Control Codes	211 Title I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	2,981,723	1,555,496	30,599
5020 Total Revenues	<u>2,981,723</u>	<u>1,555,496</u>	<u>30,599</u>
EXPENDITURES:			
Current:			
0011 Instruction	2,574,011	869,164	-
0012 Instructional Resources and Media Services	55,387	-	-
0013 Curriculum and Instructional Staff Development	143,030	-	-
0021 Instructional Leadership	-	-	-
0023 School Leadership	99,287	-	-
0031 Guidance, Counseling, and Evaluation Services	-	745,837	30,599
0033 Health Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
0061 Community Services	136,265	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	13,932	31,358	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
6030 Total Expenditures	<u>3,021,912</u>	<u>1,646,359</u>	<u>30,599</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,189)	(90,863)	-
OTHER FINANCING SOURCES (USES):			
7913 Proceeds of Right-to-Use Lease	40,189	90,863	-
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

244 Perkins V	255 Title II, A Supporting Instruction	263 Title III, A English Lang. Acquisition	265 Title IV, B 21st CCLC	266 ESSER I	279 ESSER III TCLAS	280 ESSER III Homeless Children	281 ESSER II
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
99,627	358,484	50,202	1,754,014	87,362	666,374	21,652	3,269,564
99,627	358,484	50,202	1,754,014	87,362	666,374	21,652	3,269,564
99,627	358,484	50,202	1,221,617	-	665,867	21,652	2,651,635
-	-	-	-	-	-	-	-
-	-	-	19,975	-	-	-	7,629
-	-	-	523,135	-	-	-	-
-	-	-	-	-	507	-	-
-	-	-	-	-	-	-	511,824
-	-	-	-	74,920	-	-	63,684
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	61,183
-	-	-	-	12,442	-	-	21,571
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	5,678	-	-	-	25,000
-	-	-	-	-	-	-	-
99,627	358,484	50,202	1,770,405	87,362	666,374	21,652	3,342,526
-	-	-	(16,391)	-	-	-	(72,962)
-	-	-	16,391	-	-	-	72,962
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	282 ESSER III	284 IDEA B Formula ARP Act	289 Title IV Part A Subpart I	315 SSA IDEA, Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	6,800,121	162,380	293,658	16,799
5020 Total Revenues	<u>6,800,121</u>	<u>162,380</u>	<u>293,658</u>	<u>16,799</u>
EXPENDITURES:				
Current:				
0011 Instruction	3,055,991	162,380	293,658	16,799
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	418,822	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	150,000	-	-	-
0033 Health Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	586,712	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	82,250	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	2,743,494	-	-	-
6030 Total Expenditures	<u>7,037,269</u>	<u>162,380</u>	<u>293,658</u>	<u>16,799</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(237,148)	-	-	-
OTHER FINANCING SOURCES (USES):				
7913 Proceeds of Right-to-Use Lease	237,148	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

397 Advanced Placement Incentives	410 State Instructional Materials	412 Public School Child Care Services	419 Head Start Ready To Read	428 Tiger Children's Clinic	429 TCLAS - GR	435 SSA Regional Day School - Deaf	459 Autism Grant
\$ -	\$ -	\$ -	\$ -	\$ 730	\$ -	\$ -	\$ -
-	433,470	232,539	42,923	-	34,147	135,460	1,599,012
-	-	582,563	-	-	-	-	-
-	433,470	815,102	42,923	730	34,147	135,460	1,599,012
-	470,551	-	-	-	15,397	135,460	850,608
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	219,947
-	-	-	-	-	-	-	509,928
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	18,750	-	-
-	-	774,042	42,923	730	-	-	18,529
-	19,570	-	-	-	-	-	-
-	-	41,060	-	-	-	-	-
-	490,121	815,102	42,923	730	34,147	135,460	1,599,012
-	(56,651)	-	-	-	-	-	-
-	56,651	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	461 Campus Activity Funds	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 735,081	\$ 735,811
5800 State Program Revenues	-	2,477,551
5900 Federal Program Revenues	-	18,730,618
5020 Total Revenues	<u>735,081</u>	<u>21,943,980</u>
EXPENDITURES:		
Current:		
0011 Instruction	47,732	13,560,835
0012 Instructional Resources and Media Services	-	55,387
0013 Curriculum and Instructional Staff Development	-	809,403
0021 Instructional Leadership	-	1,033,063
0023 School Leadership	-	99,794
0031 Guidance, Counseling, and Evaluation Services	-	1,438,260
0033 Health Services	-	138,604
0036 Extracurricular Activities	725,090	725,090
0041 General Administration	-	61,183
0051 Facilities Maintenance and Operations	-	34,013
0052 Security and Monitoring Services	-	605,462
0061 Community Services	-	972,489
Debt Service:		
0071 Principal on Long-Term Liabilities	10,761	188,549
Capital Outlay:		
0081 Facilities Acquisition and Construction	-	2,784,554
6030 Total Expenditures	<u>783,583</u>	<u>22,506,686</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,502)	(562,706)
OTHER FINANCING SOURCES (USES):		
7913 Proceeds of Right-to-Use Lease	30,944	545,148
1200 Net Change in Fund Balance	(17,558)	(17,558)
0100 Fund Balance - July 1 (Beginning)	<u>550,879</u>	<u>550,879</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 533,321</u>	<u>\$ 533,321</u>

Non-major Enterprise Funds

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2023

	711 Food Service Activity	713 Print Shop Activity
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 321,019	\$ 467,674
Inventories	18,455	-
Total Current Assets	<u>339,474</u>	<u>467,674</u>
Noncurrent Assets:		
Capital Assets:		
Buildings and Improvements, Net	148	-
Right-to-Use Lease Asset, Net	-	72,685
Total Noncurrent Assets	<u>148</u>	<u>72,685</u>
Total Assets	<u>339,622</u>	<u>540,359</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	4,502	2,286
Right-to-Use Lease Liabilities Payable	-	34,276
Due to Other Governments	-	-
Total Current Liabilities	<u>4,502</u>	<u>36,562</u>
Noncurrent Liabilities:		
Right-to-Use Lease Liability - Long Term	-	38,409
Total Noncurrent Liabilities	<u>-</u>	<u>38,409</u>
Total Liabilities	<u>4,502</u>	<u>74,971</u>
NET POSITION		
Unrestricted Net Position	<u>335,120</u>	<u>465,388</u>
Total Net Position	<u>\$ 335,120</u>	<u>\$ 465,388</u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	Total Nonmajor Enterprise Funds
\$ 3,041	\$ 570	\$ 464	\$ 287,508	\$ 13,170	\$ 1,093,446
240	-	-	-	-	18,695
<u>3,281</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>13,170</u>	<u>1,112,141</u>
-	-	-	-	-	148
-	-	-	-	-	72,685
-	-	-	-	-	72,833
<u>3,281</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>13,170</u>	<u>1,184,974</u>
-	-	-	-	-	6,788
-	-	-	-	-	34,276
10	-	-	-	116	126
<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116</u>	<u>41,190</u>
-	-	-	-	-	38,409
-	-	-	-	-	38,409
10	-	-	-	116	79,599
<u>3,271</u>	<u>570</u>	<u>464</u>	<u>287,508</u>	<u>13,054</u>	<u>1,105,375</u>
<u>\$ 3,271</u>	<u>\$ 570</u>	<u>\$ 464</u>	<u>\$ 287,508</u>	<u>\$ 13,054</u>	<u>\$ 1,105,375</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	711 Food Service Activity	713 Print Shop Activity
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 137,526	\$ 98,239
State Program Revenues	3,030	681
Total Operating Revenues	<u>140,556</u>	<u>98,920</u>
OPERATING EXPENSES:		
Payroll Costs	40,206	8,362
Professional and Contracted Services	6,547	159,064
Supplies and Materials	126,505	68,589
Other Operating Costs	1,497	-
Depreciation Expense	297	4,888
Debt Service	-	33,120
Total Operating Expenses	<u>175,052</u>	<u>274,023</u>
Operating Income (Loss)	(34,496)	(175,103)
Total Net Position - July 1 (Beginning)	<u>369,616</u>	<u>640,491</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 335,120</u></u>	<u><u>\$ 465,388</u></u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	Total Nonmajor Enterprise Funds
\$ 21,497	\$ -	\$ -	\$ -	\$ -	\$ 257,262
-	-	-	-	-	3,711
21,497	-	-	-	-	260,973
-	-	-	-	-	48,568
-	-	-	-	-	165,611
29,486	-	-	-	-	224,580
-	-	-	-	-	1,497
-	-	-	-	-	5,185
-	-	-	-	-	33,120
29,486	-	-	-	-	478,561
(7,989)	-	-	-	-	(217,588)
11,260	570	464	287,508	13,054	1,322,963
\$ 3,271	\$ 570	\$ 464	\$ 287,508	\$ 13,054	\$ 1,105,375

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	711	713
	Food	Print
	Service	Shop
	Activity	Activity
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 140,556	\$ 98,917
Cash Payments to Employees for Services	(40,206)	-
Cash Payments for Suppliers	(131,532)	(269,281)
Net Cash Used for Operating Activities	<u>(31,182)</u>	<u>(170,364)</u>
Net Decrease in Cash and Cash Equivalents	(31,182)	(170,364)
Cash and Cash Equivalents at Beginning of Year	352,201	638,038
Cash and Cash Equivalents at End of Year	<u>\$ 321,019</u>	<u>\$ 467,674</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided Used for Activities:</u>		
Operating Income (Loss):	\$ (34,496)	\$ (175,103)
Adjustments to Reconcile Operating Income		
to Net Cash Used for Operating Activities:		
Depreciation	297	4,888
Effect of Increases and Decreases in Current		
Assets and Liabilities:		
Increase (decrease) in Accounts Payable	3,017	(149)
Net Cash Used for Operating Activities	<u>\$ (31,182)</u>	<u>\$ (170,364)</u>

714 Public Relations Activity	715 School Improvement Activity	716 Police Department Activity	720 Texas A&M Food Service Activity	730 TC Food Service Activity	Total Nonmajor Enterprise Funds
\$ 21,498	\$ -	\$ -	\$ -	\$ -	\$ 260,971
-	-	-	-	-	(40,206)
(29,487)	-	-	-	-	(430,300)
(7,989)	-	-	-	-	(209,535)
(7,989)	-	-	-	-	(209,535)
11,030	570	464	287,508	13,170	1,302,981
\$ 3,041	\$ 570	\$ 464	\$ 287,508	\$ 13,170	\$ 1,093,446
\$ (7,989)	\$ -	\$ -	\$ -	\$ -	\$ (217,588)
-	-	-	-	-	5,185
-	-	-	-	-	2,868
\$ (7,989)	\$ -	\$ -	\$ -	\$ -	\$ (209,535)

Custodial Funds

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2023

	830 Dual Credit THS	873 5K THS Fundraiser	874 Distinguished Alumni Fund	876 Texas High Club
ASSETS				
Cash and Cash Equivalents	\$ 246,339	\$ -	\$ 12,656	\$ 346,847
Capital Assets:				
Furniture and Equipment, Net	-	-	-	10,402
Total Assets	<u>246,339</u>	<u>-</u>	<u>12,656</u>	<u>357,249</u>
LIABILITIES				
Accounts Payable	-	-	-	5,646
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,646</u>
NET POSITION				
Restricted for Other Purposes	246,339	-	12,656	351,603
Total Net Position	<u>\$ 246,339</u>	<u>\$ -</u>	<u>\$ 12,656</u>	<u>\$ 351,603</u>

879 Texas Middle School Club	Total Custodial Funds
\$ 22,770	\$ 628,612
-	10,402
<u>22,770</u>	<u>639,014</u>
-	5,646
-	5,646
<u>22,770</u>	<u>633,368</u>
<u>\$ 22,770</u>	<u>\$ 633,368</u>

TEXARKANA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR FISCAL YEAR 2023

	830 Dual Credit THS	873 5K THS Fundraiser	874 Distinguished Alumni Fund	876 Texas High Club
ADDITIONS:				
Enterprising Services Revenue	\$ 219,553	\$ 1,808	\$ -	\$ 304,844
Total Additions	<u>219,553</u>	<u>1,808</u>	<u>-</u>	<u>304,844</u>
DEDUCTIONS:				
Payroll Costs	209,758	-	-	-
Professional and Contracted Services	19,375	-	-	5,147
Supplies and Materials	17,807	1,808	-	138,417
Other Deductions	-	-	-	97,491
Total Deductions	<u>246,940</u>	<u>1,808</u>	<u>-</u>	<u>241,055</u>
Change in Net Position	(27,387)	-	-	63,789
Net Position - July 1 (Beginning)	<u>273,726</u>	<u>-</u>	<u>12,656</u>	<u>287,814</u>
Net Position - June 30 (Ending)	<u>\$ 246,339</u>	<u>\$ -</u>	<u>\$ 12,656</u>	<u>\$ 351,603</u>

879 Texas Middle School Club	Total Total Custodial Funds
\$ 1,310	\$ 527,515
<u>1,310</u>	<u>527,515</u>
-	209,758
-	24,522
8,845	166,877
-	97,491
<u>8,845</u>	<u>498,648</u>
(7,535)	28,867
<u>30,305</u>	<u>604,501</u>
<u>\$ 22,770</u>	<u>\$ 633,368</u>

Private Purpose Trust Funds

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

	802 Texas High School VIP Fund	804 Texas Middle School VIP Fund	805 Highland Park VIP Fund	807 Theron Jones VIP Fund
ASSETS				
Cash and Cash Equivalents	\$ 46,462	\$ 23,788	\$ 483	\$ 6,250
Capital Assets:				
Furniture and Equipment, Net	-	-	-	-
Total Assets	<u>46,462</u>	<u>23,788</u>	<u>483</u>	<u>6,250</u>
NET POSITION				
Restricted for Other Purposes	<u>46,462</u>	<u>23,788</u>	<u>483</u>	<u>6,250</u>
Total Net Position	<u>\$ 46,462</u>	<u>\$ 23,788</u>	<u>\$ 483</u>	<u>\$ 6,250</u>

809 Nash VIP Fund	811 Sping Lake Park VIP Fund	813 Wake Village VIP Fund	815 Dunbar VIP Fund	816 Morris Elementary VIP Fund	817 Waggoner Creek VIP Fund	829 Scholarship Fund	Total Private Purpose Trust Funds
\$ 7,620	\$ 4,029	\$ 5,630	\$ 1,094	\$ 125,057	\$ 14,164	\$ 143,540	\$ 378,117
-	-	-	-	54,200	-	-	54,200
<u>7,620</u>	<u>4,029</u>	<u>5,630</u>	<u>1,094</u>	<u>179,257</u>	<u>14,164</u>	<u>143,540</u>	<u>432,317</u>
7,620	4,029	5,630	1,094	179,257	14,164	143,540	432,317
<u>\$ 7,620</u>	<u>\$ 4,029</u>	<u>\$ 5,630</u>	<u>\$ 1,094</u>	<u>\$ 179,257</u>	<u>\$ 14,164</u>	<u>\$ 143,540</u>	<u>\$ 432,317</u>

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

	802 Texas High School VIP Fund	804 Texas Middle School VIP Fund	805 Highland Park VIP Fund	807 Theron Jones VIP Fund
ADDITIONS:				
Enterprising Services Revenue	\$ 12,420	\$ 15,717	\$ -	\$ -
Earnings from Temporary Deposits	-	-	-	-
Contributions, Gifts and Donations	-	-	-	-
Total Additions	<u>12,420</u>	<u>15,717</u>	<u>-</u>	<u>-</u>
DEDUCTIONS:				
Supplies and Materials	4,000	13,510	-	-
Other Deductions	520	-	-	-
Total Deductions	<u>4,520</u>	<u>13,510</u>	<u>-</u>	<u>-</u>
Change in Net Position	7,900	2,207	-	-
Net Position - July 1 (Beginning)	<u>38,562</u>	<u>21,581</u>	<u>483</u>	<u>6,250</u>
Net Position - June 30 (Ending)	<u>\$ 46,462</u>	<u>\$ 23,788</u>	<u>\$ 483</u>	<u>\$ 6,250</u>

809 Nash VIP Fund	811 Sping Lake Park VIP Fund	813 Wake Village VIP Fund	815 Dunbar VIP Fund	816 Morris Elementary VIP Fund	817 Waggoner Creek VIP Fund	829 Scholarship Fund	Total Private Purpose Trust Funds
\$ 17,812	\$ 2,570	\$ 3,071	\$ -	\$ 138,280	\$ 12,477	\$ -	\$ 202,347
-	-	-	-	-	-	5,626	5,626
-	-	-	-	-	-	2,710	2,710
<u>17,812</u>	<u>2,570</u>	<u>3,071</u>	<u>-</u>	<u>138,280</u>	<u>12,477</u>	<u>8,336</u>	<u>210,683</u>
16,120	1,211	6,155	-	157,419	5,676	-	204,091
-	-	-	-	31,366	-	5,500	37,386
<u>16,120</u>	<u>1,211</u>	<u>6,155</u>	<u>-</u>	<u>188,785</u>	<u>5,676</u>	<u>5,500</u>	<u>241,477</u>
1,692	1,359	(3,084)	-	(50,505)	6,801	2,836	(30,794)
<u>5,928</u>	<u>2,670</u>	<u>8,714</u>	<u>1,094</u>	<u>229,762</u>	<u>7,363</u>	<u>140,704</u>	<u>463,111</u>
<u>\$ 7,620</u>	<u>\$ 4,029</u>	<u>\$ 5,630</u>	<u>\$ 1,094</u>	<u>\$ 179,257</u>	<u>\$ 14,164</u>	<u>\$ 143,540</u>	<u>\$ 432,317</u>

Required TEA Schedules

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

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	\$ 1.170000	\$ 0.169000	\$ 1,881,877,414
2015	1.170000	0.169000	1,929,101,050
2016	1.170000	0.255000	1,948,780,352
2017	1.170000	0.255000	1,904,476,997
2018	1.170000	0.255000	1,974,870,987
2019	1.170000	0.255000	2,006,493,789
2020	1.068300	0.255000	2,063,870,404
2021	1.054700	0.255000	2,272,157,652
2022	1.051700	0.255000	2,276,650,848
2023 (School year under audit)	0.942900	0.255000	2,674,488,506
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 7/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
\$ 293,505	\$ -	\$ 19,710	\$ 2,847	\$ (67,484)	\$ 203,464
64,552	-	4,383	633	(3,193)	56,343
67,891	-	4,112	896	(2,044)	60,839
76,109	-	8,330	1,816	(2,625)	63,338
95,160	-	13,316	2,902	(840)	78,102
109,376	-	15,397	3,356	(2,600)	88,023
144,098	-	30,071	7,178	(509)	106,340
193,491	-	46,661	11,281	(7,325)	128,224
879,560	-	517,654	125,513	(27,152)	209,241
-	31,436,634	23,457,099	6,343,791	(451,570)	1,184,174
<u>\$ 1,923,742</u>	<u>\$ 31,436,634</u>	<u>\$ 24,116,733</u>	<u>\$ 6,500,213</u>	<u>\$ (565,342)</u>	<u>\$ 2,178,088</u>
		<u>\$ 106,462</u>			

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,167,298	\$ 6,167,298	\$ 6,908,060	\$ 740,762
5800 State Program Revenues	28,623	-	-	-
5020 Total Revenues	6,195,921	6,167,298	6,908,060	740,762
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	3,908,869	3,908,440	3,908,440	-
0072 Interest on Long-Term Liabilities	3,024,574	3,024,574	3,024,574	-
0073 Bond Issuance Cost and Fees	-	400,429	432,361	(31,932)
6030 Total Expenditures	6,933,443	7,333,443	7,365,375	(31,932)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(737,522)	(1,166,145)	(457,315)	708,830
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	1,929,861	1,929,861	-
7915 Transfers In	738,089	1,640,089	1,641,115	1,026
7917 Prepaid Interest	-	349,700	349,700	-
7080 Total Other Financing Sources (Uses)	738,089	3,919,650	3,920,676	1,026
1200 Net Change in Fund Balances	567	2,753,505	3,463,361	709,856
0100 Fund Balance - July 1 (Beginning)	3,628,392	3,628,392	3,628,392	-
3000 Fund Balance - June 30 (Ending)	\$ 3,628,959	\$ 6,381,897	\$ 7,091,753	\$ 709,856

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

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	8,575,141
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	4,675,422
<hr/>		

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	408,046
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	252,897
<hr/>		

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 GOVERNMENT AUDITING STANDARDS

To the Board of School Trustees
Texarkana Independent School District
Texarkana, 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, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining information of Texarkana Independent School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

To the Board of School Trustees
Texarkana Independent School District

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

District's Response to Findings

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

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.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
November 7, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of School Trustees
Texarkana Independent School District
Texarkana, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Texarkana 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 the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet 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 the 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 the District’s federal programs.

To the Board of School Trustees
Texarkana Independent School District

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 the District's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Board of School Trustees
Texarkana Independent School District

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section on the previous page 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 on the previous page. 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.



CERTIFIED PUBLIC ACCOUNTANTS

Texarkana, Texas
November 7, 2023

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section I - Summary of Audit Results

Financial Statements

Type of Report the Auditor Issued on Whether the Financial Statements Were Prepared in Accordance with GAAP	Unmodified
--	------------

Internal Control Over Financial Reporting:

Material Weakness(es) Identified	None Reported
----------------------------------	---------------

Significant Deficienc(ies) Identified	Yes
---------------------------------------	-----

Noncompliance Material to the Financial Statements	None Reported
--	---------------

Federal Awards

Internal Control over Major Programs:

Material Weakness(es) Identified	None Reported
----------------------------------	---------------

Significant Deficienc(ies) Identified	None Reported
---------------------------------------	---------------

Type of Auditor’s Report Issued on Compliance for Major Federal Programs	Unmodified
---	------------

Findings Disclosed in the Audit which are Required to be Reported in Government Auditing Standards	Yes
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Findings Disclosed in the Audit which are Required to be Reported in Accordance with 2 CFR 200.516(a)	None Reported
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Identification of Major Programs:

Education Stabilization Funds	AL #84.425
-------------------------------	------------

Emergency Connectivity Fund Program	AL #32.009
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Dollar Threshold Used to Distinguish between Type A and Type B Programs	\$921,263
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Texarkana Independent School District qualified as a low risk entity.	Yes
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**TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section II - Financial Statement Findings

**Details of findings relating to the financial statements which are required to be reported in accordance with
Government Auditing Standards –**

Finding Reference

2023-001

Significant Deficiency - Internal Controls and Compliance

Identification of Federal Program

Not Applicable

Criteria or specific requirement (including statutory, regulatory, or other citation)

The Education Code, Title 2 - Public Education, Subtitle I - School Finance and Fiscal Management, Chapter 44 - Fiscal Management, Subchapter A - School District Fiscal Management, Section 44.002 provides that the District shall prepare a budget covering estimated revenues and proposed expenditures of the District for the following fiscal year. Section 44.006 provides for the District to amend the adopted budget with board approval to cover unforeseen expenses.

Condition

The District's actual expenditures exceeded budgeted expenditures in one function in the Debt Service fund.

Cause

Although the District amends its budget with board approval throughout the fiscal year, additional bond issuance costs were incurred during the fiscal year that caused the District's expenditures to exceed budgeted expenditures at year end.

Effect or Potential Effect

The actual expenditures are in excess of the budgeted expenditures and are not in compliance with the established budget.

Questioned Cost

As of June 30, 2023, the District's actual function 71 expenditures exceeded budgeted expenditures by \$31,932, respectively in the debt service fund.

Context

The District's actual function 71 expenditures exceeded budgeted expenditures by approximately 1%, respectively in the Debt Service fund.

Recommendation

We recommend that the District implement additional controls to monitor expenses and to eliminate the potential for actual expenditures exceeding the budgeted expenditures.

View of responsible officials

See corrective action plan.

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section III - Federal Award Findings and Questioned Costs

Details of findings and questioned costs relating to Federal awards –

There were no reported findings or questioned costs related to the financial statements or federal awards.



TEXARKANA

Independent School District

Corrective Action Plan

November 7, 2023

RE: Finding 2023-001

Corrective Action Plan:

The District will implement additional controls to monitor compliance with budget spending. The District will present quarterly budget amendments to the school board. The end of year budget will be more closely monitored for necessary amendments.

Date Correction Completed:

June 30, 2024

Responsible Official:

Anita Clay

Phone Number:

903-794-3651

**TEXARKANA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2023**

Finding 2022-001

Significant Deficiency

Internal Control and Compliance

Summary:

In the prior year, our review of internal controls disclosed instances in which the District's actual expenditures exceeded the budgeted expenditures. No costs were questioned.

Conclusion:

This finding reoccurred during the year ended June 30, 2023 and is presented as finding 2023-001.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF THE TREASURY			
<u>Direct Programs:</u>			
Emergency Connectivity Fund Program	32.009	019907	\$ 2,183,823
Total Direct Programs			<u>2,183,823</u>
TOTAL DEPARTMENT OF THE TREASURY			<u>2,183,823</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101019907	191,359
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101019907	2,767,313
2021-2023 TTL I, 1002 ESF-Focused Support Grant	84.010A	226101577110057	68,018
TTL I, 1003 School Improvement Grant	84.010A	236610010199076610	29,446
Total Assistance Listing Number 84.010			<u>3,056,136</u>
*IDEA - Part B, Formula	84.027A	226600010199076000	260,506
*IDEA - Part B, Formula	84.027A	236600010199076000	1,356,726
*SSA - IDEA - Part B, Discretionary	84.027A	236600110199076000	17,464
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350010199075000	168,823
Total Assistance Listing Number 84.027			<u>1,803,519</u>
*IDEA - Part B, Preschool	84.173A	236610010199076610	31,455
Total Special Education Cluster (IDEA)			<u>1,834,974</u>
Career and Technical - Basic Grant	84.048A	22420006019907	22,705
Career and Technical - Basic Grant	84.048A	23420006019907	80,225
Total Assistance Listing Number 84.048			<u>102,930</u>
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	226950307110041	56,784
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	236950307110041	1,699,395
Total Assistance Listing Number 84.287			<u>1,756,179</u>
Title III, Part A - English Language Acquisition	84.365A	22671001019907	2,600
Title III, Part A - English Language Acquisition	84.365A	23671001019907	49,594
Total Assistance Listing Number 84.365			<u>52,194</u>
2021-2022 Teacher Leadership Cycle 2	84.367A	23694501019907	8,000
ESEA, Title II, Part A, Teacher Principal Training	84.367A	226945797110032	364,394
Total Assistance Listing Number 84.367			<u>372,394</u>
COVID 19 - ESSER I - School Emergency Relief Fd	84.425D	20521001019907	87,362
COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001019907	3,672,715
COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001019907	6,415,484
TCLAS High-Quality After School	84.425D	215280587110150	765,791
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	21528042019907	730,913
COVID 19 - ARP Education for Homeless Children	84.425W	21533002019907	24,361
Total Assistance Listing Number 84.425			<u>11,696,626</u>
Title IV, Part A, Subpart I	84.424A	22680101019907	26,244
Title IV, Part A, Subpart I	84.424A	23680101019907	278,545
Total Assistance Listing Number 84.424			<u>304,789</u>
Total Passed Through Texas Education Agency			<u>19,176,222</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>19,176,222</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-1057-00137	28,794
Child Care and Development Fund	93.596	019907	582,563
Total Passed Through Texas Health and Human Services Commission			<u>611,357</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>611,357</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	806780706	1,856,738
*National School Lunch Program - Cash Assistance	10.555	806780706	5,166,264
*National School Lunch Prog. - Non-Cash Assistance	10.555	806780706	837,095
Total Assistance Listing Number 10.555			<u>6,003,359</u>
Total Child Nutrition Cluster			<u>7,860,097</u>
Child & Adult Care Food Program - Cash Assistance	10.558	806780706	877,278
Total Passed Through the Texas Department of Agriculture			<u>8,737,375</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>8,737,375</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 30,708,777</u>

*Clustered Programs

TEXARKANA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Texarkana Independent School District (the District) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the general purpose financial statements.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly when such funds are received, they are recorded as deferred revenues until earned.

The District participates in numerous state and federal grant programs governed by various rules and regulations of grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingency.

Medicaid Funds

During the year ending June 30, 2023, the District received Medicaid funds of \$1,059,102 which is not considered a federal award since it is direct cash assistance to individuals.

E-Rate Funding

During the year ending June 30, 2023, the District received a discount on phone and internet bills in the amount of \$63,360 in the general fund. These amounts are reflected as federal revenue in the current year.

Indirect Costs

Indirect costs totaling \$1,309,206 are in the General Fund. The restricted indirect cost rate for the 2022-2023 fiscal year, as approved by The Division of Federal and Fiscal Compliance and Reporting at the Texas Education Agency (TEA), was 3.969%. All Federal indirect costs are calculated using this restricted indirect rate with the exception of the indirect cost associated with the ESSER Grant, which is calculated using the direct unrestricted rate of 12.516%

Reconciliation of Federal Funds

Federal Funds Per K-1	\$ 30,708,777
Medicaid SHARS	1,059,102
E-Rate Funding	63,360
	<u>\$ 31,831,239</u>

SCHOOLS FIRST QUESTIONNAIRE

Texarkana Independent School District

Fiscal Year 2023

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	7,229,984