



Lake Travis Independent School District

One Community. One Purpose. All Heart.

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

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

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2023

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CERTIFICATE OF BOARD

Lake Travis Independent School District
Name of School District

Travis
County

227913
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such school district on the 13th day of December, 2023.



Signature of Board Secretary



Signature of Board President

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lake Travis Independent School District
Austin, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Emphasis of Matter – Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and required supplementary information, as listed in the table of contents, to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake Travis Independent School District's basic financial statements. The combining statements, required TEA schedules, except for Exhibit L-1, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules, except for Exhibit L-1, 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 Information

Management is responsible for the other information included in the annual report. The other information comprises Exhibit L-1 Required Responses to Selected School First Indicators but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 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.

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

Waco, Texas
December 13, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the management of Lake Travis Independent School District (the "District"), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2023. Please read it in conjunction with the District's financial statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent period by \$149,418,543 (net position).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$355,456,728. Approximately 12.9% of this total amount, \$45,928,785, represents unassigned fund balance in the General Fund, which is available for spending at the District's discretion or 25.8% of the total General Fund expenditures.
- At the end of the current fiscal year, fund balance for the Capital Projects Fund was \$296,214,474.

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. 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 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.

The Notes to Basic Financial Statements provide narrative explanations or additional data that are an integral part for full disclosure in the government-wide statements or the fund financial statements. The combining statements and budget comparisons included as supplementary information provide detail of all nonmajor governmental funds and budgetary comparisons for the Debt Service major governmental fund and the National School Lunch and Breakfast Program nonmajor governmental fund.

The Other Schedules section provides additional supporting schedules, including a Schedule of Delinquent Taxes Receivable, Exhibit J-4 Use of Funds Report for Select State Allotment Programs, and Exhibit L-1 Required Responses to School First Indicators.

The Required Supplementary Information includes the Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Contributions - Pensions, the Schedule of the District's Proportionate Share of the Net OPEB Liability, Schedule of District Contributions - OPEB, and the budgetary comparison schedule for the General Fund.

The Federal Awards Section contains 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 of the District is primarily to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by the private sector.

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 fees paid to participate in community education programs and 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 through the Texas Education Agency. All the District's assets and deferred outflows are reported whether they serve the current year or future years. Liabilities and deferred inflows are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides 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 nonfinancial factors as well, such as changes in the District's enrollment or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has two types of activities:

- Governmental activities - The District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities - The District's community education function is reported here as the intention is to recover all or a significant portion of their costs through user fees and charges. In addition, the District's video display board operations are also reported here as the intention is to recover all costs of operating the video display board through advertising revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes, such as campus activities. The District uses the following funds for its accounting:

- Governmental funds - 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. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliations 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 Net Position. The District reports 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

The District has presented net position measurements as required by generally accepted accounting principles. Our analysis of comparative balances and changes therein for the current year's operations presents both current and prior year data and discusses significant changes in accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$121,022,955 to \$146,611,996. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was of \$1,772,212 at August 31, 2023. This increase in governmental net position was the result of the District's revenues exceeding expenses by \$25,589,041 as shown in Table II.

Net position of the District's business-type activities increased from \$2,255,249 to \$2,806,547. This increase is a result of the District's revenues exceeding expenses by \$551,298.

**TABLE I
NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 371,019,261	\$ 94,028,913	\$ 2,459,203	\$ 1,840,029	\$ 373,478,464	\$ 95,868,942
Capital assets	<u>431,243,840</u>	<u>425,125,278</u>	<u>468,729</u>	<u>493,399</u>	<u>431,712,569</u>	<u>425,618,677</u>
Total assets	<u>802,263,101</u>	<u>519,154,191</u>	<u>2,927,932</u>	<u>2,333,428</u>	<u>805,191,033</u>	<u>521,487,619</u>
Deferred outflows - deferred loss	14,895,197	16,055,201	-	-	14,895,197	16,055,201
Deferred outflows related to pensions	13,886,658	8,291,658	-	-	13,886,658	8,291,658
Deferred outflows related to OPEB	<u>9,854,055</u>	<u>9,969,196</u>	-	-	<u>9,854,055</u>	<u>9,969,196</u>
Total deferred outflows of resources	<u>38,635,910</u>	<u>34,316,055</u>	-	-	<u>38,635,910</u>	<u>34,316,055</u>
Current liabilities	10,390,108	10,940,082	121,385	78,179	10,511,493	11,018,261
Long-term liabilities	<u>654,929,422</u>	<u>389,518,307</u>	-	-	<u>654,929,422</u>	<u>389,518,307</u>
Total liabilities	<u>665,319,530</u>	<u>400,458,389</u>	<u>121,385</u>	<u>78,179</u>	<u>665,440,915</u>	<u>400,536,568</u>
Deferred inflows related to leases	738,147	647,615	-	-	738,147	647,615
Deferred inflows related to pensions	2,598,807	13,150,772	-	-	2,598,807	13,150,772
Deferred inflows related to OPEB	<u>25,630,531</u>	<u>18,190,515</u>	-	-	<u>25,630,531</u>	<u>18,190,515</u>
Total deferred inflows of resources	<u>28,967,485</u>	<u>31,988,902</u>	-	-	<u>28,967,485</u>	<u>31,988,902</u>
Net position:						
Net investment in capital assets	136,210,714	110,791,071	468,729	493,399	136,679,443	111,284,470
Restricted	8,629,070	9,132,350	-	-	8,629,070	9,132,350
Unrestricted	<u>1,772,212</u>	<u>1,099,534</u>	<u>2,337,818</u>	<u>1,761,850</u>	<u>4,110,030</u>	<u>2,861,384</u>
Total net position	<u>\$ 146,611,996</u>	<u>\$ 121,022,955</u>	<u>\$ 2,806,547</u>	<u>\$ 2,255,249</u>	<u>\$ 149,418,543</u>	<u>\$ 123,278,204</u>

The cost of all governmental activities this year was \$231,172,581. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was \$219,478,134 because some of the costs were paid by those who directly benefited from the programs (\$8,753,982), by operating grants or contributions (\$9,553,569), or state foundation funding (\$7,289,866).

**TABLE II
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 8,753,982	\$ 7,254,120	\$ 3,840,749	\$ 3,146,147	\$ 12,594,731	\$ 10,400,267
Operating grants and contributions	9,553,569	8,694,752	-	-	9,553,569	8,694,752
General revenues:						
Maintenance and operations taxes	160,187,072	132,510,949	-	-	160,187,072	132,510,949
Debt service taxes	59,291,062	47,976,180	-	-	59,291,062	47,976,180
Grants and contributions not restricted	7,289,866	5,669,745	-	-	7,289,866	5,669,745
Investment earnings	11,368,903	702,024	-	-	11,368,903	702,024
Miscellaneous	317,168	189,081	-	-	317,168	189,081
Total revenues	<u>256,761,622</u>	<u>202,996,851</u>	<u>3,840,749</u>	<u>3,146,147</u>	<u>260,602,371</u>	<u>206,142,998</u>
EXPENSES						
Governmental activities						
Instruction	76,954,664	69,669,146	-	-	76,954,664	69,669,146
Instructional resources and media services	1,112,702	955,482	-	-	1,112,702	955,482
Curriculum and instructional staff development	1,683,706	947,961	-	-	1,683,706	947,961
Instructional leadership	2,429,766	2,435,961	-	-	2,429,766	2,435,961
School leadership	5,313,999	4,795,390	-	-	5,313,999	4,795,390
Guidance, counseling and evaluation services	5,313,515	5,046,018	-	-	5,313,515	5,046,018
Social work services	347,572	338,349	-	-	347,572	338,349
Health services	916,369	855,658	-	-	916,369	855,658
Student (pupil) transportation	6,163,379	5,339,016	-	-	6,163,379	5,339,016
Food services	6,843,796	6,341,182	-	-	6,843,796	6,341,182
Co-curricular/extra curricular activities	5,222,272	4,727,152	-	-	5,222,272	4,727,152
General administration	4,675,515	4,589,806	-	-	4,675,515	4,589,806
Facilities maintenance and operations	15,023,118	15,001,719	-	-	15,023,118	15,001,719
Security and monitoring services	1,076,791	1,795,249	-	-	1,076,791	1,795,249
Data processing services	9,546,877	4,718,040	-	-	9,546,877	4,718,040
Community services	852,726	294,912	-	-	852,726	294,912
Debt service - interest on long-term debt	13,941,900	10,262,893	-	-	13,941,900	10,262,893
Debt service - bond issuance costs	2,083,313	13,851	-	-	2,083,313	13,851
Contracted instructional services between schools	70,707,308	45,491,491	-	-	70,707,308	45,491,491
Incremental costs related to recapture	-	294,076	-	-	-	294,076
Payments related to shared service arrangements	48,850	25,511	-	-	48,850	25,511
Other intergovernmental charges	914,443	489,453	-	-	914,443	489,453
Business-type activities						
Community education	-	-	3,264,611	2,624,512	3,264,611	2,624,512
Video display board	-	-	24,840	306,082	24,840	306,082
Total expenses	<u>231,172,581</u>	<u>184,428,316</u>	<u>3,289,451</u>	<u>2,930,594</u>	<u>234,462,032</u>	<u>187,358,910</u>
CHANGE IN NET POSITION	<u>25,589,041</u>	<u>18,568,535</u>	<u>551,298</u>	<u>215,553</u>	<u>26,140,339</u>	<u>18,784,088</u>
NET POSITION, BEGINNING	<u>121,022,955</u>	<u>102,454,420</u>	<u>2,255,249</u>	<u>2,039,696</u>	<u>123,278,204</u>	<u>104,494,116</u>
NET POSITION, ENDING	<u>\$ 146,611,996</u>	<u>\$ 121,022,955</u>	<u>\$ 2,806,547</u>	<u>\$ 2,255,249</u>	<u>\$ 149,418,543</u>	<u>\$ 123,278,204</u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$355,456,728, which is an increase of \$278,147,242 over last year's total of \$77,309,486. Included in this year's total change in fund balance are a decrease of \$108,483 in the District's General Fund, an increase of \$2,083,160 in the District's Debt Service Fund, and an increase of \$276,422,278 in the District's Capital Projects Fund.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments to appropriate additional funds earned. The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had \$431,712,569 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents an increase of \$6,093,892 from last year. This increase is related ongoing bond projects.

	District's Capital Assets (Net of Accumulated Depreciation)	
	2023	2022
Land	\$ 39,512,631	\$ 33,200,078
Construction in progress	14,859,629	16,026,423
Buildings and improvements	362,822,748	365,388,486
Furniture and equipment	4,516,355	4,074,096
Vehicles	5,984,520	6,929,594
Right to use, SBITA	4,016,686	-
Total capital assets, net	<u>\$ 431,712,569</u>	<u>\$ 425,618,677</u>

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long-term Liabilities

At year-end, the District had \$606,695,358 in bonds outstanding versus \$350,909,673 last year. The increase was due to the issuance of bonds in the amount of \$302,060,427. An increase in bonds outstanding is a result of making annual debt service payments and issuance of \$287 million in bonds. Additionally, during the year the District early redeemed bonds in the amount of \$34,530,000 for debt service savings. Other obligations of the District include accrued sick leave, arbitrage, subscription based IT arrangements, the District's proportionate share of the net pension liability associated with the TRS pension plan, and the District's proportionate share of the net OPEB liability associated with the TRS-Care plan.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District is located in one of the fastest growing regions of the state. The District is approximately 18 miles west of Austin, the capital city of Texas, bordered on the north by Lake Travis. Continued growth is expected for years to come as the area has major national employers and educational institutions. Assessed property values are also expected to grow in the future as the area is diverse in its economic offerings. The District anticipates the steady increases in enrollment to continue.

The District's elected officials considered many factors when setting the fiscal year 2023 budget and tax rates. Those factors include property values, changes in enrollment, student attendance rates, five-year budget projections, legislative mandates and school funding changes. The District set its operating tax rate at \$0.8846 and its debt service tax rate at \$0.3275 for the 2022-2023 school year, and the Board adopted an operating tax rate of \$0.7466 and debt service tax rate of \$0.3275 for the 2023-2024 school year.

Due to projected growth in students, the 2023-2024 budget includes the following:

- The District's student attendance rate for the 2022-2023 school year increased to 94.1% from the prior year due to the reduction of COVID-19 outbreaks during the school year.
- The District experienced a slight enrollment increase of .50 percent for the 2022-2023 school year and reflects an overall increase in growth of 9.2 percent over the past five years.
- The District's taxable valuation has increased by 6 percent for the 2023-2024 school year. This is down from an increase of 26 percent last year.
- The District has appropriated General Fund revenues and expenditures in the 2023-2024 budgets of \$160.3 million and \$163 million, respectively. Significant changes to the budget include the cost to educate approximately 307 new students (\$1.9 million), the increase cost of recapture due to higher property tax values (\$1.5 million) and the salary increase of 3.0 percent for all other staff (\$1.8 million).
- On the Interest and Sinking (I & S) Fund, increased property values throughout the District will allow the District to redeem an additional \$7.5 million of its Series 2017 current bond obligations. By paying down the District's debt requirement prior to their scheduled maturity dates, the District estimates an overall debt savings of approximately \$2 million.

The 88th Regular Legislative Session and Special Session #1 with an increase in funding for safety and security mandated measures of \$165,000 for the District. The legislation would continue M&O tax rate compression and increase the homestead exemption by \$60,000 if voter approved, but would not change to the amount of funds the district would receive for the Basic Allotment. The budget assumptions are using current law under HB3, HB 1525 and the increase to safety and security already approved.

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 as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Assistant Superintendent of Business and Operations, Lake Travis Independent School District, 3322 Ranch Road 620 South, Austin, Texas 78738.

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION

AUGUST 31, 2023

Data Control Codes		1 Governmental Activities	2 Business-type Activities	Total
ASSETS				
1110	Cash and cash equivalents	\$ 305,104,010	\$ 2,462,605	\$ 307,566,615
1120	Investments current	59,202,843	-	59,202,843
1220	Property taxes receivables	4,880,996	-	4,880,996
1230	Allowance for uncollectible taxes	(1,464,299)	-	(1,464,299)
1240	Due from other governments	2,270,345	-	2,270,345
1250	Accrued interest	15,421	-	15,421
1260	Internal balances	3,402	(3,402)	-
1290	Other receivables	738,147	-	738,147
1300	Inventories	268,396	-	268,396
	Capital assets:			
1510	Land	39,512,631	-	39,512,631
1520	Buildings and improvements, net	362,354,019	468,729	362,822,748
1530	Furniture and equipment, net	4,516,355	-	4,516,355
1540	Vehicles, net	5,984,520	-	5,984,520
1553	Right to use, SBITA	4,016,686	-	4,016,686
1580	Construction in progress	14,859,629	-	14,859,629
1000	Total assets	<u>802,263,101</u>	<u>2,927,932</u>	<u>805,191,033</u>
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred loss on bond refunding	14,895,197	-	14,895,197
1705	Related to TRS pension	13,886,658	-	13,886,658
1706	Related to TRS other post-employment benefits	9,854,055	-	9,854,055
1700	Total deferred outflows of resources	<u>38,635,910</u>	<u>-</u>	<u>38,635,910</u>
LIABILITIES				
2110	Accounts payable	456,563	8,327	464,890
2140	Interest payable	1,644,373	-	1,644,373
2150	Payroll deductions and withholdings	32,849	-	32,849
2160	Accrued wages payable	7,083,953	113,058	7,197,011
2180	Due to other governments	22,755	-	22,755
2200	Accrued expenses	721,355	-	721,355
2300	Unearned revenue	428,260	-	428,260
	Noncurrent liabilities:			
	Due within one year:			
2501	Long-term debt	25,386,814	-	25,386,814
	Due in more than one year:			
2502	Long-term debt	583,998,894	-	583,998,894
2540	Net TRS pension liability	28,767,943	-	28,767,943
2545	Net TRS other post-employment benefits liability	16,775,771	-	16,775,771
2000	Total liabilities	<u>665,319,530</u>	<u>121,385</u>	<u>665,440,915</u>
DEFERRED INFLOWS OF RESOURCES				
2602	Related to leases	738,147	-	738,147
2605	Related to TRS pension	2,598,807	-	2,598,807
2606	Related to TRS other post-employment benefits	25,630,531	-	25,630,531
2600	Total deferred inflows of resources	<u>28,967,485</u>	<u>-</u>	<u>28,967,485</u>
NET POSITION				
3200	Net investment in capital assets	136,210,714	468,729	136,679,443
	Restricted for:			
3820	Federal and state programs	1,550,576	-	1,550,576
3850	Debt service	7,078,494	-	7,078,494
3900	Unrestricted	1,772,212	2,337,818	4,110,030
3000	Total net position	<u>\$ 146,611,996</u>	<u>\$ 2,806,547</u>	<u>\$ 149,418,543</u>

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

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT B-1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	1	Program Revenues 3
Functions/Programs	Expenses	Charges for Services
Primary government:		
Governmental activities:		
11	\$ 76,954,664	\$ 163,817
12	1,112,702	-
13	1,683,706	-
21	2,429,766	-
23	5,313,999	-
31	5,313,515	237,945
32	347,572	-
33	916,369	-
34	6,163,379	-
35	6,843,796	5,683,199
36	5,222,272	2,035,483
41	4,675,515	-
51	15,023,118	633,538
52	1,076,791	-
53	9,546,877	-
61	852,726	-
72	13,941,900	-
73	2,083,313	-
91	70,707,308	-
93	48,850	-
99	914,443	-
	<u>231,172,581</u>	<u>8,753,982</u>
Business-type activities:		
01	3,264,611	3,735,624
02	24,840	105,125
	<u>3,289,451</u>	<u>3,840,749</u>
	<u>\$ 234,462,032</u>	<u>\$ 12,594,731</u>
General revenues:		
Taxes:		
MT	Property taxes, levied for general purposes	
DT	Property taxes, levied for debt service	
GC	Grants and contributions not restricted to specific programs	
IE	Investment earnings	
MI	Miscellaneous	
TR	Total general revenues	
CN	Change in net position	
NB	Net position, beginning	
NE	Net position, ending	

Program Revenues 4 Operating Grants and Contributions	Net (Expenses) Revenue and Changes in in Net Position 6 Primary Government		
	Governmental Activities	Business-type Activities	Total
	\$ 5,970,439	\$ (70,820,408)	\$ -
2,967	(1,109,735)	-	(1,109,735)
211,585	(1,472,121)	-	(1,472,121)
47,473	(2,382,293)	-	(2,382,293)
15,248	(5,298,751)	-	(5,298,751)
898,110	(4,177,460)	-	(4,177,460)
224,119	(123,453)	-	(123,453)
2,964	(913,405)	-	(913,405)
12,279	(6,151,100)	-	(6,151,100)
761,553	(399,044)	-	(399,044)
758,913	(2,427,876)	-	(2,427,876)
36,405	(4,639,110)	-	(4,639,110)
32,996	(14,356,584)	-	(14,356,584)
80,356	(996,435)	-	(996,435)
21,237	(9,525,640)	-	(9,525,640)
42,626	(810,100)	-	(810,100)
421,299	(13,520,601)	-	(13,520,601)
-	(2,083,313)	-	(2,083,313)
-	(70,707,308)	-	(70,707,308)
13,000	(35,850)	-	(35,850)
-	(914,443)	-	(914,443)
<u>9,553,569</u>	<u>(212,865,030)</u>	<u>-</u>	<u>(212,865,030)</u>
-	-	471,013	471,013
-	-	80,285	80,285
-	-	551,298	551,298
<u>\$ 9,553,569</u>	<u>\$ (212,865,030)</u>	<u>\$ 551,298</u>	<u>\$ (212,313,732)</u>
	160,187,072	-	160,187,072
	59,291,062	-	59,291,062
	7,289,866	-	7,289,866
	11,368,903	-	11,368,903
	317,168	-	317,168
	<u>238,454,071</u>	<u>-</u>	<u>238,454,071</u>
	<u>25,589,041</u>	<u>551,298</u>	<u>26,140,339</u>
	<u>121,022,955</u>	<u>2,255,249</u>	<u>123,278,204</u>
	<u>\$ 146,611,996</u>	<u>\$ 2,806,547</u>	<u>\$ 149,418,543</u>

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

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-1

BALANCE SHEET
GOVERNMENTAL FUNDS

AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects	
ASSETS				
1110	Cash and cash equivalents	\$ 2,096,507	\$ 1,446,652	\$ 293,942,378
1120	Investments current	48,553,847	8,202,391	2,249,549
1220	Property taxes - delinquent	3,573,525	1,307,471	-
1230	Allowance for uncollectible taxes (credit)	(1,072,058)	(392,241)	-
1240	Due from other governments	1,659,270	-	-
1250	Accrued interest	13,050	-	-
1260	Due from other funds	894,793	-	81,134
1290	Other receivables	738,147	-	-
1300	Inventories	107,482	-	-
1000	Total assets	<u>56,564,563</u>	<u>10,564,273</u>	<u>296,273,061</u>
LIABILITIES				
2110	Accounts payable	337,961	-	4,490
2150	Payroll deductions & withholdings	32,849	-	-
2160	Accrued wages payable	6,677,651	-	54,097
2170	Due to other funds	259,254	-	-
2180	Due to other governments	922	21,833	-
2300	Unearned revenues	2,062	-	-
2000	Total liabilities	<u>7,310,699</u>	<u>21,833</u>	<u>58,587</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable revenue - property taxes	2,479,450	907,079	-
2602	Related to leases	738,147	-	-
2600	Total deferred inflows of resources	<u>3,217,597</u>	<u>907,079</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
3410	Inventories	107,482	-	-
Restricted:				
3450	Federal or state grant restrictions	-	-	-
3470	Construction	-	-	296,214,474
3480	Retirement of long-term debt	-	9,635,361	-
Committed:				
3545	Other	-	-	-
3600	Unassigned	45,928,785	-	-
3000	Total fund balances	<u>46,036,267</u>	<u>9,635,361</u>	<u>296,214,474</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 56,564,563</u>	<u>\$ 10,564,273</u>	<u>\$ 296,273,061</u>

Other Funds	Total Governmental Funds
\$ 4,047,926	\$ 301,533,463
-	59,005,787
-	4,880,996
-	(1,464,299)
611,075	2,270,345
2,371	15,421
88,829	1,064,756
-	738,147
<u>160,914</u>	<u>268,396</u>
<u>4,911,115</u>	<u>368,313,012</u>
114,112	456,563
-	32,849
352,205	7,083,953
447,974	707,228
-	22,755
<u>426,198</u>	<u>428,260</u>
<u>1,340,489</u>	<u>8,731,608</u>
-	3,386,529
-	738,147
<u>-</u>	<u>4,124,676</u>
-	107,482
1,550,576	1,550,576
-	296,214,474
-	9,635,361
2,020,050	2,020,050
-	45,928,785
<u>3,570,626</u>	<u>355,456,728</u>
<u>\$ 4,911,115</u>	<u>\$ 368,313,012</u>

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

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LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

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

AUGUST 31, 2023

Total fund balances - governmental funds	\$ 355,456,728
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	431,243,840
2 Uncollected property taxes are reported as unavailable resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities.	3,386,529
3 Long-term liabilities, including bonds, SBITAs and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. Also, the losses on refunding of bonds and the premium on issuance of bonds payable are not reported on the balance sheet in the funds.	(594,490,511)
4 Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,644,373)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to pensions included a deferred resource outflow in the amount of \$13,886,658, a deferred resource inflow in the amount of \$2,598,807, and a net pension liability in the amount of \$28,767,943.	(17,480,092)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75. The net position related to the OPEB included a deferred resource outflow in the amount of \$9,854,055, a deferred resource inflow in the amount of \$25,630,531, and a net OPEB liability in the amount of \$16,775,771.	(32,552,247)
7 Internal Service Funds are used by management to charge the costs of certain activities, such as workers' compensation, health insurance and DSA/HSA to individual funds. The net revenue (expense) of the Internal Service Funds is reported with governmental activities.	<u>2,692,122</u>
19 Net position of governmental activities	<u>\$ 146,611,996</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES			
5700	\$ 166,251,532	\$ 59,665,850	\$ 7,867,800
5800	11,472,420	421,299	-
5900	275,737	-	-
5020	<u>177,999,689</u>	<u>60,087,149</u>	<u>7,867,800</u>
EXPENDITURES			
Current:			
0011	63,432,765	-	-
0012	998,235	-	-
0013	1,521,951	-	-
0021	2,230,482	-	-
0023	5,332,471	-	-
0031	4,440,558	-	-
0032	152,054	-	-
0033	938,527	-	-
0034	4,305,179	-	-
0035	86,537	-	-
0036	2,653,409	-	-
0041	4,123,989	-	-
0051	11,827,757	-	-
0052	1,053,036	-	-
0053	2,805,978	-	-
0061	439,131	-	-
Debt service:			
0071	228,210	43,610,000	3,396
0072	1,752	14,371,103	-
0073	-	23,449	2,059,864
Capital outlay:			
0081	24,388	-	31,452,079
Intergovernmental:			
0091	70,707,308	-	-
0093	35,850	-	-
0099	914,443	-	-
6030	<u>178,254,010</u>	<u>58,004,552</u>	<u>33,515,339</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(254,321)</u>	<u>2,082,597</u> <u>(25,647,539)</u>
OTHER FINANCING SOURCES (USES)			
7911	-	563	287,354,437
7916	-	-	14,705,427
7940	145,838	-	9,953
	<u>145,838</u>	<u>563</u>	<u>302,069,817</u>
1200	Net change in fund balances	<u>(108,483)</u>	<u>276,422,278</u>
0100	Fund balance - beginning	<u>46,144,750</u>	<u>19,792,196</u>
3000	Fund balance - ending	<u>\$ 46,036,267</u>	<u>\$ 296,214,474</u>

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

Other Funds	Total Governmental Funds
\$ 8,717,499	\$ 242,502,681
1,286,577	13,180,296
<u>6,153,479</u>	<u>6,429,216</u>
<u>16,157,555</u>	<u>262,112,193</u>
6,903,503	70,336,268
-	998,235
215,726	1,737,677
40,431	2,270,913
-	5,332,471
1,097,647	5,538,205
222,237	374,291
-	938,527
772	4,305,951
6,300,026	6,386,563
1,380,106	4,033,515
27,098	4,151,087
26,874	11,854,631
77,134	1,130,170
16,256	2,822,234
86,458	525,589
-	43,841,606
-	14,372,855
-	2,083,313
-	31,476,467
-	70,707,308
13,000	48,850
-	914,443
<u>16,407,268</u>	<u>286,181,169</u>
<u>(249,713)</u>	<u>(24,068,976)</u>
-	287,355,000
-	14,705,427
-	155,791
-	302,216,218
<u>(249,713)</u>	<u>278,147,242</u>
<u>3,820,339</u>	<u>77,309,486</u>
<u>\$ 3,570,626</u>	<u>\$ 355,456,728</u>

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

FOR THE YEAR ENDED AUGUST 31, 2023

Net change in fund balances - total governmental funds	\$ 278,147,242
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	5,832,692
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	334,714
The issuance of long-term debt (e.g., bonds and SBITAs) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payment on bonds	43,610,000
Principal payment on SBITAs	231,606
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Issuance of bonds	(287,355,000)
Premium on issuance of bonds	(14,705,427)
Issuance of SBITA	(155,791)
Amortization of premium on bonds	2,699,289
Amortization of deferred loss on refunding of bonds	(1,160,004)
Accreted interest	(34,547)
Accrued interest on long-term debt	(1,073,783)
Arbitrage	(1,819,573)
Compensated absences	202,931
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,788,946. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$2,261,346. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,556,248.	(1,028,648)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$634,476. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$574,521. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense increased the change in net position by \$1,761,768.	1,821,723
Internal Service Funds are used by management to charge the costs of certain activities, such as workers' compensation, self-funded health insurance, and DSA/HSA to individual funds. The net revenue (expense) of the Internal Service Funds is reported with governmental activities.	<u>41,617</u>
Change in net position of governmental activities	<u>\$ 25,589,041</u>

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

AUGUST 31, 2023

	<u>Business-type Activities Nonmajor Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,462,605	\$ 3,570,547
Investments current	-	197,056
Due from other funds	<u>-</u>	<u>89,291</u>
Total current assets	<u>2,462,605</u>	<u>3,856,894</u>
Noncurrent assets:		
Capital assets		
Buildings and improvements	493,399	-
Accumulated depreciation	<u>(24,670)</u>	<u>-</u>
Total noncurrent assets	<u>468,729</u>	<u>-</u>
Total assets	<u>2,931,334</u>	<u>3,856,894</u>
LIABILITIES		
Current liabilities:		
Accounts payable	8,327	-
Accrued wages payable	113,058	-
Due to other funds	3,402	443,417
Accrued expenses	<u>-</u>	<u>721,355</u>
Total current liabilities	<u>124,787</u>	<u>1,164,772</u>
Total liabilities	<u>124,787</u>	<u>1,164,772</u>
NET POSITION		
Investment in capital assets	468,729	-
Unrestricted	<u>2,337,818</u>	<u>2,692,122</u>
Total net position	<u>\$ 2,806,547</u>	<u>\$ 2,692,122</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

	Business-type Activities <u>Enterprise Funds</u>	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES		
Local and intermediate sources	\$ 3,840,749	\$ 10,057,018
Total operating revenues	<u>3,840,749</u>	<u>10,057,018</u>
OPERATING EXPENSES		
Payroll costs	2,200,647	-
Professional and contracted services	710,846	193,084
Supplies and materials	170,120	-
Claims	-	9,783,711
Other operating costs	183,168	49,778
Depreciation	24,670	-
Total operating expenses	<u>3,289,451</u>	<u>10,026,573</u>
Operating income	<u>551,298</u>	<u>30,445</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment and interest income	-	11,172
Total non-operating revenues (expenses)	<u>-</u>	<u>11,172</u>
Change in net position	<u>551,298</u>	<u>41,617</u>
Net position, beginning	<u>2,255,249</u>	<u>2,650,505</u>
Net position, ending	<u>\$ 2,806,547</u>	<u>\$ 2,692,122</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Business-type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for charges for services	\$ 3,840,749	\$ -
Receipts from contributors	-	10,057,018
Payments to employees	(2,165,768)	-
Payments to suppliers	(1,066,422)	(242,862)
Claims paid	-	(9,650,756)
Net cash provided by operating activities	<u>608,559</u>	<u>163,400</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from other funds	-	66,468
Net cash provided by noncapital financing activities	<u>-</u>	<u>66,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(6,148)
Interest received	-	11,172
Net cash used in investing activities	<u>-</u>	<u>5,024</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>608,559</u>	<u>234,892</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,854,046</u>	<u>3,335,655</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>2,462,605</u>	<u>3,570,547</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	551,298	30,445
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	24,670	-
Decrease (increase) in due from other funds	-	110,472
Increase (decrease) in due to other funds	(10,615)	-
Increase (decrease) in accounts payable	8,327	-
Increase (decrease) in accrued wages payable	34,879	-
Increase (decrease) in accrued expenses	-	22,483
Net cash provided by operating activities	<u>\$ 608,559</u>	<u>\$ 163,400</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

AUGUST 31, 2023

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 230,518
Total assets	<u>230,518</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for:	
Student groups	<u>230,518</u>
Total net position	<u>\$ 230,518</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Custodial Fund</u>
ADDITIONS	
Tuition and fees	\$ 442,411
Total additions	<u>442,411</u>
DEDUCTIONS	
Supplies and materials	<u>449,078</u>
Total deductions	<u>449,078</u>
Net increase (decrease) in fiduciary net position	<u>(6,667)</u>
Net position, beginning	237,185
Net position, ending	<u>\$ 230,518</u>

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LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Lake Travis Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB"). There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Lake Travis Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial 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. 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. With this measurement focus, all assets, deferred outflows (inflows), and all liabilities associated with the operation of these funds are included on the Statement of Net Position. 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, deferred inflows/outflows of resources 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.

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 District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

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

Capital Projects Fund: The District accounts for proceeds from the sale of bonds and other revenues to be used for authorized construction and other capital asset acquisitions.

In addition, the District reports the following fund types:

Governmental Funds:

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

Proprietary Funds:

Enterprise Funds: Used to account for the operations of the District's community education programs and the operations of advertising revenues generated from the District's video display board.

Internal Service Funds: Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are the self-funded workers' compensation Fund, self-funded health insurance fund, and employee health savings account fund.

Fiduciary Fund:

Custodial Fund: The District accounts for resources held for others in a custodial capacity. The District's Custodial Fund is student activities.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, Net Position/Fund Balance, Revenues and Expenditures/Expenses

1. Deposits and Investments

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

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

2. Inventory

Inventories in the General Fund consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply and furniture and equipment inventory are recorded at cost (FIFO method) and are offset by a fund balance reserves which indicate that they do not represent "available expendable resources." Inventories in the Food and Nutrition Services Fund consist of commodities, purchased food and supplies. Purchased food and supplies are recorded at cost (FIFO method) and charged to expense when consumed. The commodity portion of inventory is valued at estimated market values supplied by the Texas Department of Human Services.

3. Property Taxes

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

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

4. Leases

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

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

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

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

5. Subscription-Based IT Arrangements

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

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

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

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

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

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

6. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, and right to use assets are reported in the governmental 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 acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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.

Land and construction in progress are not depreciated. Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and improvements	15-40
Furniture and equipment	3-20
Vehicles	7-10
Right to use, SBITA	1-5

7. Long-Term Liabilities

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 during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Compensated Absences

The State of Texas (the "State") has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

9. Deferred Outflows and Inflows of Resources

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

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, changes in actuarial assumptions and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

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

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

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.
- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer’s contributions and the proportionate share of contributions.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience and changes in actuarial assumptions.
- Deferred inflow of resources for leases – Reported in the government-wide and fund financial statements the District recognizes deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.

10. Defined Benefit Pension Plan

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.

11. Other Post-Employment Benefit Plans

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net 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. Net Position

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position invested in capital assets, net of any related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

13. Net Position Flow Assumption

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

14. Fund Balances - Governmental Funds

Non-spendable Fund Balance - amounts that are not in spendable form, such as fund balances associated with inventories, prepaids, and long-term loans and notes receivable.

Restricted Fund Balance - amounts that can be spent only for the specific purposes stipulated by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.

Committed Fund Balance - amounts that can only be used for the specific purposes determined by a formal action of the District’s Board of Trustees (the District’s highest level of decision-making authority). These amounts cannot be used for any other purpose unless the District’s Board of Trustees takes the same level of action to remove or change the constraint.

Assigned Fund Balance - amounts intended to be used by the government for specific purposes but to not meet the criteria to be classified as restricted or committed. Intent can be expressed by the District’s Board of Trustees or by the Superintendent or Chief Financial Officer, to whom the Board of Trustees has delegated the authority to assign fund balances.

Unassigned Fund Balance - amounts that are available for any purpose; these amounts are reported only in the General Fund.

15. Fund Balance Flow Assumption

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

16. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (“TEA”) in the Financial Accountability System Resource Guide. TEA 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 policy development and funding plans.

17. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of August 31, 2023 will change.

18. Change in Accounting Principle

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures over Appropriations

Expenditures in the food services function in the National Breakfast and Lunch Program Fund exceeded budgeted amounts by \$337,026 for the year ended August 31, 2023. The under expending of budgets in other functions or existing fund balance covered the expenditures over budget.

III. DETAILED NOTES ON ACTIVITIES AND FUNDS

A. Deposits and Investments

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and agency funds, in order of priority, are safety, investment liquidity and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending program
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore, the District is not exposed to custodial credit risk. Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

The District's deposits with financial institutions at August 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

The District's investments at August 31, 2023 are shown below.

Description	Reported Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pool:			
TexPool	\$ 210,558,993	23	AAAm
MBIA Texas CLASS	118,950,066	21	AAAm
	329,509,059		
Prosperity Bank:			
Money market accounts	11,008,655	1	AAA
	\$ 340,517,714		

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool's investment policy, which is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

MBIA is administered by MBIA-Municipal Investors Service Corporation ("MISC") and Wells Fargo Bank Texas. MISC is a subsidiary of MBIA Asset Management Group, one of the nation's largest providers of administrative and portfolio management services for local government investment pools. MBIA is supervised by a Board of Trustees who are elected by participants. The responsibility of the Board of Trustees includes the ability to influence operations, designation of management and accountability for fiscal matters. In addition, MBIA has an Advisory Board which provides input and feedback on the operations and direction of the program. Standard and Poor's reviews the pool on a weekly basis to ensure the pool's compliance with its rating requirements. MBIA's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

The external local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2023, investments were included in external local government investment pools and money market accounts with ratings from Standard & Poor's in compliance with the District's investment policy.

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2023, the District had 100% of its investments in money market accounts and external local government investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the external local government investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2023, investments were included in external local government investment pools and money market accounts which have a weighted average maturity of one day.

B. Property taxes

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

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60-day period after the end of the District's fiscal year. The assessed value at January 1, 2022, upon which the October 2022 levy was based was \$17,045,534,914. The District levied taxes based on a combined tax rate of \$1.2121 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

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

HB3 amended the Education Code to transfer certain sections from Chapter 41 to Chapter 49 and revised formulas used to determine excess local revenue under the Foundation School Program (FSB). The formula for recapture is now local revenue in excess of entitlement instead of wealth per weighted average daily attendance (WADA) basis. Under HB 3, recapture and non-recapture school districts are treated more equitably, and districts only pay tier one recapture on the amount above their formula entitlement. HB 3 modifies local revenue subject to recapture to be local revenue in excess of entitlement and is calculated by subtracting a district's tier one entitlement (and credit for appraisal costs) from its available school fund (ASF) distribution and local fund assignment.

During the year ended August 31, 2023, the District's recapture liability was \$70,707,308 and this amount was incorporated into the District's budget. Under HB 3, districts now have the option of making one lump-sum payment in August after the fiscal year ends. The payment option to submit seven equal payments from February through August remains unchanged. The District opted to make one lump-sum payment in August.

C. Due from Other Governments

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

	General Fund	Nonmajor Governmental Funds	Total
State entitlements	\$ 1,659,270	\$ -	\$ 1,659,270
Federal and state programs	-	611,075	611,075
Total due from other governments	<u>\$ 1,659,270</u>	<u>\$ 611,075</u>	<u>\$ 2,270,345</u>

D. Interfund Balances

Interfund balances at August 31, 2023 consisted of the following:

Due To Fund	Due From Fund	Amount
General fund	Capital projects fund	\$ 81,134
General fund	Nonmajor enterprise fund	88,829
General fund	Internal service fund	89,291
Capital projects fund	General fund	3,402
Internal service fund	General fund	443,417
Nonmajor governmental	General fund	447,974
Total		<u>\$ 1,154,047</u>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the General Fund and then charged back to the appropriate other fund.

E. Other Receivables

At year end other receivables consisted of lease receivables reported in the General Fund in the amount of \$738,147 for leases.

A summary of lease receivables is as follows:

<u>Purpose of Lease</u>	<u>Interest Rate</u>	<u>Agreement Term</u>	<u>Initial Year of Lease</u>	<u>Amount of Initial Lease Receivable</u>	<u>Receivable at Year End</u>
Right to Use:					
Antenna	2.0%	20 years	2022	\$ 166,785	\$ 149,921
Land - cell tower	2.0%	25 years	2022	494,185	470,461
La Cabana Grill	2.7%	3 years	2022	155,812	<u>117,765</u>
Totals					<u>\$ 738,147</u>

F. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 33,200,078	\$ 6,312,553	\$ -	\$ 39,512,631
Construction in progress	<u>16,026,423</u>	<u>9,799,269</u>	<u>(10,966,063)</u>	<u>14,859,629</u>
Total capital assets, not being depreciated	<u>49,226,501</u>	<u>16,111,822</u>	<u>(10,966,063)</u>	<u>54,372,260</u>
Capital assets, being depreciated:				
Buildings and improvements	496,843,016	844,397	10,966,063	508,653,476
Furniture and equipment	21,016,459	1,322,414	-	22,338,873
Vehicles	15,781,202	274,965	-	16,056,167
Right to use, SBITA	<u>285,870</u>	<u>4,159,428</u>	<u>-</u>	<u>4,445,298</u>
Total capital assets, being depreciated	<u>533,926,547</u>	<u>6,601,204</u>	<u>10,966,063</u>	<u>551,493,814</u>
Less accumulated depreciation for:				
Buildings and improvements	(131,947,929)	(14,351,528)	-	(146,299,457)
Furniture and equipment	(16,942,363)	(880,155)	-	(17,822,518)
Vehicles	(8,851,608)	(1,220,039)	-	(10,071,647)
Right to use, SBITA	<u>-</u>	<u>(428,612)</u>	<u>-</u>	<u>(428,612)</u>
Total accumulated depreciation	<u>(157,741,900)</u>	<u>(16,880,334)</u>	<u>-</u>	<u>(174,622,234)</u>
Total governmental activities capital assets, net	<u>\$ 425,411,148</u>	<u>\$ 5,832,692</u>	<u>\$ -</u>	<u>\$ 431,243,840</u>

Governmental depreciation was charged to functions as follows:

Governmental activities:	
Instruction	\$ 9,612,353
Instruction Resources & Media Services	31,610
Instructional Leadership	260,939
School Leadership	201,228
Guidance, Counseling & Evaluation Services	26,465
Health Services	23,215
Student (Pupil) Transportation	1,304,640
Food Services	458,506
Extracurricular Activities	1,189,295
General Administration	456,632
Facilities Maintenance & Operations	1,912,194
Data Processing Services	963,794
Community services	<u>439,463</u>
Total depreciation expense	<u>\$ 16,880,334</u>

Business-type capital asset activity for the year ended August 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 493,399	\$ -	\$ -	\$ 493,399
Total capital assets, being depreciated	<u>493,399</u>	<u>-</u>	<u>-</u>	<u>493,399</u>
Less accumulated depreciation for:				
Vehicles	-	(24,670)	-	(24,670)
Total accumulated depreciation	<u>-</u>	<u>(24,670)</u>	<u>-</u>	<u>(24,670)</u>
Total governmental activities capital assets, net	<u>\$ 493,399</u>	<u>\$ (24,670)</u>	<u>\$ -</u>	<u>\$ 468,729</u>

During the current year, business-type activities depreciation was as follows:

Business-type activities:	
Video display board	\$ <u>24,670</u>
Total depreciation expense	\$ <u><u>24,670</u></u>

G. Unearned Revenue

At August 31, 2023, unearned revenue in the governmental funds consisted of the following:

	General	Non-major Governmental	Totals
Prepayments for student meals	\$ -	\$ 424,316	\$ 424,316
Other	<u>2,062</u>	<u>1,882</u>	<u>3,944</u>
Totals	<u>\$ 2,062</u>	<u>\$ 426,198</u>	<u>\$ 428,260</u>

H. Long-Term Liabilities

Governmental long-term liabilities activity for the year ended August 31, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 316,805,000	\$ 287,355,000	\$ 43,610,000	\$ 560,550,000	\$ 25,165,000
Premium on bonds	33,376,604	14,705,427	2,699,289	45,382,742	-
Accretion on CABS	728,069	34,547	-	762,616	-
Arbitrage liability	-	1,819,573	-	1,819,573	-
SBITA liability	285,870	155,791	231,606	210,055	89,670
Compensated absences	<u>863,653</u>	<u>-</u>	<u>202,931</u>	<u>660,722</u>	<u>132,144</u>
Total long-term debt	<u>352,059,196</u>	<u>304,070,338</u>	<u>46,743,826</u>	<u>609,385,708</u>	<u>25,386,814</u>
Net pension liability	11,592,330	19,248,605	2,072,992	28,767,943	-
Net OPEB liability	<u>26,152,651</u>	<u>(8,848,845)</u>	<u>528,035</u>	<u>16,775,771</u>	<u>-</u>
Total long-term liabilities	<u>\$ 389,804,177</u>	<u>\$ 314,470,098</u>	<u>\$ 49,344,853</u>	<u>\$ 654,929,422</u>	<u>\$ 25,386,814</u>

The District's General Fund generally liquidates compensated, SBITA liability, net pension and net OPEB liabilities. Additionally, the arbitrage liability will be liquidated by the capital projects fund.

Bonds Payable

The District issues Bonds to provide funds for the acquisition and construction of major capital facilities or to refund prior debt issuances. The Bonds are direct obligations and pledge the full faith and credit of the District. Bonds outstanding as of August 31, 2023 are as follows:

Description	Maturity Date	Interest Rates	Amount of Original Issue	Outstanding 8/31/23
Bonds:				
Unlimited Tax Refunding Bonds, Series 2017	2040	1.50-5.00%	82,905,000	\$ 79,700,000
Unlimited Tax School Building Bonds, Series 2018A	2048	3.00-5.00%	108,735,000	49,940,000
Unlimited Tax School Building Bonds, Series 2019	2046	3.75-5.00%	92,705,000	80,660,000
Unlimited Tax Refunding Bonds, Series 2020	2036	1.65-5.00%	64,450,000	62,895,000
Unlimited Tax School Building Bonds, Series 2023	2053	3.70-5.00%	<u>287,355,000</u>	<u>287,355,000</u>
Total			<u>\$ 636,150,000</u>	<u>\$ 560,550,000</u>

Debt service requirements are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2024	\$ 25,165,000	\$ 30,334,675	\$ 55,499,675
2025	14,415,000	22,488,404	36,903,404
2026	17,470,000	21,691,279	39,161,279
2027	18,220,000	20,799,029	39,019,029
2028	19,165,000	19,864,404	39,029,404
2029-2033	105,260,000	85,475,117	190,735,117
2034-2038	107,980,000	62,828,468	170,808,468
2039-2043	83,725,000	42,775,595	126,500,595
2044-2048	95,620,000	24,798,206	120,418,206
2049-2053	<u>73,530,000</u>	<u>8,077,551</u>	<u>81,607,551</u>
Totals	<u>\$ 560,550,000</u>	<u>\$ 339,132,728</u>	<u>\$ 899,682,728</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District without limitation as to rate. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness exceeds \$0.50 per \$100 of assessed valuation of taxable property within the District. The District currently has a debt service tax rate of \$0.3275.

In February 2023, the District issued Unlimited Tax School Building Bonds, Series 2023 for the purpose of constructing new and improving existing facilities as well as purchasing school buses and security technology. The bonds have an interest rate between 3.70% and 5.00% and a maturity date in fiscal year 2053.

In February 2023, the District made early payments of \$6,271,531 on its Series 2012 bonds prior to its scheduled maturity date. This included \$6,175,000 and \$96,531 of principal and accrued interest, respectively. The Series 2012 bonds paid had maturity dates of February 2030 and February 2037 through 2042. These early payments resulted in overall debt service savings to the District of \$1,790,788.

In February 2023, the District made early payments of \$30,599,754 on its Series 2018A bonds prior to its scheduled maturity date. This included \$28,355,000 and \$2,244,754 of principal and accrued interest, respectively. The Series 2018A bonds paid had maturity dates of February 2034 and 2035, and February 2037 through 2048. These early payments resulted in overall debt service savings to the District of \$22,621,250.

In 2020, the District defeased certain outstanding general obligation bonds by placing advance payments made by the District in irrevocable trusts to provide for all the future debt service payments on the bonds redeemed early by the District. Accordingly, the trust account assets and the defeased bonds are not included in the District's financial statements. At August 31, 2023, outstanding bonds of \$62,895,000 are considered defeased.

The outstanding Series 2020 Bonds include Capital Appreciation Bonds. The interest shown above, with respect to the Capital Appreciation Bonds, includes interest to be paid on bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

SBITA Liability

The District entered into various subscription based IT arrangements for the use of software. The District’s General Fund and Capital Projects Fund generally liquidates these liabilities. During the current year, the District paid \$231,606 in principal and \$1,752 in interest.

Purpose	Interest Rate	Initial Year	Maturity Year	Amount of Initial Liability	Amounts Outstanding 08/31/23	Amounts Due Within One Year
Right to Use:						
AV software	2.1843%	2022	2025	\$ 48,534	\$ 23,933	\$ 11,837
Educational software	2.2753%	2022	2026	112,316	83,619	27,248
Dell software	2.6560%	2023	2025	145,838	95,945	47,344
Cloud software	2.3633%	2023	2025	9,954	<u>6,558</u>	<u>3,241</u>
Totals					<u>\$ 210,055</u>	<u>\$ 89,670</u>

Future annual principal and interest payments are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2024	\$ 89,670	\$ 5,129	\$ 94,799
2025	91,883	2,916	94,799
2026	<u>28,502</u>	<u>649</u>	<u>29,151</u>
Totals	<u>\$ 210,055</u>	<u>\$ 8,694</u>	<u>\$ 218,749</u>

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations and the District has reported an arbitrage liability at year end in the amount of \$1,819,573

I. Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position. Detailed information about the TRS's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, 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 above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 3 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.

	Contribution Rates	
	2022	2023
Member	8.00%	8.00%
Non-employer contributing entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Current fiscal year employer contributions		\$ 2,788,946
Current fiscal year member contributions		6,059,884
2022 measurement year NECE on-behalf contributions		3,641,162

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

- When any part or all of an employee’s salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6 percent of the member’s salary beginning in fiscal year 2021, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally taxexempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

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

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

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

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

Asset Class ¹	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources & Infrastruct	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag ⁴			-0.91%
Total	100.00%		8.21%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the FY2022 policy model.

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

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of net pension liability	\$ 44,752,012	\$ 28,767,943	\$ 15,812,105

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions. At August 31, 2023, the District reported a liability of \$28,767,943 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	\$ 28,767,943
State's proportionate share that is associated with the District	46,325,057
Total	<u>\$ 75,093,000</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 in the measurement was rolled forward from an actuarial valuation date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022, the District's proportion of the collective net pension liability was 0.0484574524% which was an increase of 0.0029374649% from its proportion measured as of August 31, 2021.

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

For the year ended August 31, 2023, the District recognized pension expense of \$8,245,744 and revenue of \$4,428,150 for support provided by the State.

At August 31, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 417,133	\$ 627,196
Changes in actuarial assumptions	5,360,404	1,335,962
Difference between projected and actual investment earnings	2,842,181	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,477,994	635,649
Contributions paid to TRS subsequent to the measurement date	<u>2,788,946</u>	<u>-</u>
Total	<u>\$ 13,886,658</u>	<u>\$ 2,598,807</u>

\$2,788,946 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total Pension Liability for the year ending August 31, 2024. Other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the Year Ended August 31,</u>	<u>Pension Expense</u>
2024	\$ 2,270,323
2025	1,366,710
2026	551,581
2027	3,649,524
2028	660,767

J. 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 that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

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

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

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

	TRS-Care Monthly 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.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2022	2023
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 634,476
Current fiscal year member contributions		492,330
2022 measurement year NECE on-behalf contributions		701,961

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employees hire a TRS retiree, they 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 total OPEB liability in the August 31, 2021 was rolled forward to August 31, 2022. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	Rates of Disability Incidence
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, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2021 rolled forward to August 31,
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.30% to 8.25%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
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. There was a decrease of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was 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/Date 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% less than and 1% more than the discount rate that was used 3.91% in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
Proportionate share of net OPEB liability	\$ 19,779,965	\$ 16,775,771	\$ 14,341,989

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, the District reported a liability of \$16,775,771 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	\$ 16,775,771
State's proportionate share that is associated with the District	<u>20,463,805</u>
Total	<u>\$ 37,239,576</u>

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

At the August 31, 2022, the employer's proportion of the collective Net OPEB Liability was 0.0700625102% which was an increase of 0.0022646841% from its proportion measured as of August 31, 2021.

Healthcare Cost Trend Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed 8.5% rate used.

	<u>1% Decrease</u>	Current Healthcare Cost Trend Rate	<u>1% Increase</u>
Proportionate share of net OPEB liability	\$ 13,823,311	\$ 16,775,771	\$ 20,603,256

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected the measurement of the total OPEB liability since the prior measurement period:

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

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

For the year ended August 31, 2023, the District recognized OPEB expense of \$(4,091,226) and revenue of \$(2,903,979) for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 932,674	\$ 13,975,723
Changes in actuarial assumptions	2,555,282	11,654,808
Differences between projected and actual investment earnings	49,971	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	5,681,652	-
Contributions paid to OPEB subsequent to the measurement date	<u>634,476</u>	<u>-</u>
Total	<u>\$ 9,854,055</u>	<u>\$ 25,630,531</u>

\$634,476 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending August 31, 2024. Other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended August 31,	OPEB Expense
2024	\$ (3,097,419)
2025	(3,097,238)
2026	(2,385,837)
2027	(1,422,718)
2028	(2,027,341)
Thereafter	(4,380,399)

K. Medicare Part D – On-behalf Payments

The Medicare Prescription Drug, Improvement and Modernization Act of 2003(MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants. Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire covered payroll reported by all participating reporting entities. These on-behalf payments made on behalf the District for fiscal years 2023, 2022, and 2021 were \$404,405, \$282,234, and \$291,670, respectively.

L. Health Care Coverage

During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the "Plan"). The District contributed \$500 per month per employee to the Plan, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents.

In fiscal year 2016, the District started a self-funded health insurance plan administered by Blue Cross Blue Shield. The District established an Internal Service Fund to account for and finance this partially uninsured risk of loss. The District is obligated to pay its own claims up to \$175,000 per claim. The claim liability below is an estimate of potential loss exposure on health insurance claims at year end which includes incurred but not reported ("IBNR") claims and claims reported but not paid. A reconciliation of the estimated claim liability is as follows:

Year Ended August 31,	Beginning Liability	Estimated Current Year Claims	Claim Payments	Ending Liability
2021	\$ 526,766	\$ 13,501,356	\$ (13,131,752)	\$ 896,370
2022	896,370	11,580,503	(11,956,717)	520,156
2023	520,156	9,120,724	(9,104,446)	536,434

M. Workers' Compensation Coverage

The District has a partially self-insured workers' compensation plan administered by Texas Public School's Workers Compensation Project ("SchoolComp") which is an insurance pool. The District established an Internal Service Fund to account for and finance this partially uninsured risk of loss. The District is obligated to pay its own claims up to \$75,000 per claim. The claim liability below is an estimate of potential loss exposure on workers' compensation claims at year end which includes incurred but not reported ("IBNR") claims and claims reported but not paid.

A reconciliation of the estimated claim liability is as follows:

Year Ended August 31,	Beginning Liability	Estimated Current Year Claims	Claim Payments	Ending Liability
2021	\$ 184,455	\$ 78,392	\$ (85,447)	\$ 177,400
2022	177,400	91,645	(90,329)	178,716
2023	178,716	49,778	(43,573)	184,921

N. Risk Management

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

O. Commitments and Contingencies

In February 2020, the District entered into an interlocal agreement with Travis County to share the costs of design and construction of the Vail Divide Southern Extension Project (the “Project”). The District was responsible for the management and development of the Project and Travis County provided oversight to ensure the Project was constructed in accordance with Travis County guidelines. The estimated total cost of the Project is \$10,000,000 and was funded through contributions from the District and Travis County at a 25%/75% split. During the year ended August 31, 2020, the District received \$7,500,000 from Travis County for its 75% share of the estimated costs of the Project. The Project was completed on June 21, 2023 and the constructed roadway is owned, operated, and maintained by the City of Bee Cave after they were granted annexation by Travis County. The final cost of the project was \$7,693,561 of which the District funded \$1,923,390.17 and realized interest earnings of \$34,192.

At August 31, 2023, the District is also committed under construction contracts with a remaining balance of \$556,188.

P. Other Fund Balance Commitments

At year end other nonmajor governmental committed fund balance is as follows:

Campus activities	\$ 1,058,159
AP testing	230,709
Athletics	101,953
Instruction	<u>629,229</u>
Total other committed fund balance	<u>\$ 2,020,050</u>

Q. New Accounting Standards

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

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LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

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

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 164,709,453	\$ 168,404,016	\$ 166,251,532	\$ (2,152,484)
5800	State program	8,779,874	13,040,126	11,472,420	(1,567,706)
5900	Federal program	500,000	300,000	275,737	(24,263)
5020	Total revenues	<u>173,989,327</u>	<u>181,744,142</u>	<u>177,999,689</u>	<u>(3,744,453)</u>
EXPENDITURES					
Current:					
0011	Instruction	62,421,022	64,850,216	63,432,765	1,417,451
0012	Instructional resources and media services	1,019,890	1,039,890	998,235	41,655
0013	Curriculum and instructional staff development	1,517,909	1,537,909	1,521,951	15,958
0021	Instructional leadership	2,536,242	2,236,242	2,230,482	5,760
0023	School leadership	4,979,123	5,439,123	5,332,471	106,652
0031	Guidance, counseling and evaluation services	4,626,719	4,526,719	4,440,558	86,161
0032	Social work services	147,920	157,920	152,054	5,866
0033	Health services	988,161	1,018,197	938,527	79,670
0034	Student (pupil) transportation	5,141,946	4,541,946	4,305,179	236,767
0035	Food services	107,821	117,821	86,537	31,284
0036	Extracurricular activities	2,658,103	2,708,103	2,653,409	54,694
0041	General administration	3,863,546	4,133,546	4,123,989	9,557
0051	Facilities maintenance and operations	12,128,868	12,248,868	11,827,757	421,111
0052	Security and monitoring services	896,983	1,066,983	1,053,036	13,947
0053	Data processing services	3,337,694	3,037,694	2,805,978	231,716
0061	Community services	518,660	528,660	439,131	89,529
Debt service:					
0071	Principal on long term debt	-	448,248	228,210	220,038
0072	Interest on long term debt	-	1,752	1,752	-
Capital outlay:					
0081	Facilities acquisition and construction	35,940	36,940	24,388	12,552
Intergovernmental:					
0091	Contracted instructional services between schools	69,043,111	72,052,953	70,707,308	1,345,645
0092	Incremental costs related to recapture	300,000	-	-	-
0093	Payments to fiscal agent/member districts of SSA	45,000	45,000	35,850	9,150
0095	Payments related to juvenile justice alternative education programs	15,000	15,000	-	15,000
0099	Other intergovernmental charges	570,000	920,000	914,443	5,557
6030	Total expenditures	<u>176,899,658</u>	<u>182,709,730</u>	<u>178,254,010</u>	<u>4,455,720</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(2,910,331)</u>	<u>(965,588)</u>	<u>(254,321)</u>	<u>711,267</u>
OTHER FINANCING SOURCES (USES)					
7940	Issuance of SBITA	-	-	145,838	145,838
	Total other financing sources (uses)	-	-	145,838	145,838
1200	Net change in fund balance	<u>(2,910,331)</u>	<u>(965,588)</u>	<u>(108,483)</u>	<u>857,105</u>
0100	Fund balance - Beginning	<u>46,144,750</u>	<u>46,144,750</u>	<u>46,144,750</u>	<u>-</u>
3000	Fund balance - Ending	<u>\$ 43,234,419</u>	<u>\$ 45,179,162</u>	<u>\$ 46,036,267</u>	<u>\$ 857,105</u>

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LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED BUDGETARY SCHEDULE

AUGUST 31, 2023

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the National Breakfast and Lunch Program Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notices of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. All budget appropriations lapse at year-end.

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2023

Measurement Year Ended August 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability (asset)	0.048446%	0.045520%	0.042667%
District's proportionate share of net pension liability (asset)	\$ 28,767,943	\$ 11,592,330	\$ 22,851,574
States proportionate share of the net pension liability (asset) associated with the District	<u>46,325,057</u>	<u>22,988,683</u>	<u>47,844,349</u>
Total	<u>\$ 75,093,000</u>	<u>\$ 34,581,013</u>	<u>\$ 70,695,923</u>
District's covered payroll	\$ 68,333,868	\$ 63,094,897	\$ 62,065,970
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	42.10%	18.37%	36.82%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%

Note: 10 years of information is required, but information prior to 2013 is not available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.045454%	0.042582%	0.041541%	0.041082%	0.042513%	0.024883%
\$ 23,628,295	\$ 23,438,267	\$ 13,282,490	\$ 15,524,204	\$ 15,027,850	\$ 6,646,594
<u>42,672,220</u>	<u>44,939,821</u>	<u>26,164,741</u>	<u>30,795,688</u>	<u>29,615,675</u>	<u>24,848,135</u>
<u>\$ 66,300,515</u>	<u>\$ 68,378,088</u>	<u>\$ 39,447,231</u>	<u>\$ 46,319,892</u>	<u>\$ 44,643,525</u>	<u>\$ 31,494,729</u>
\$ 56,691,939	\$ 52,718,193	\$ 50,203,725	\$ 47,934,351	\$ 46,310,888	\$ 43,529,437
41.68%	44.46%	26.46%	32.39%	32.45%	15.27%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2023

For the Year Ended August 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 2,788,946	\$ 2,261,346	\$ 1,942,396
Contribution in relation to the contractually required contribution	<u>(2,788,946)</u>	<u>(2,261,346)</u>	<u>(1,942,396)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 75,798,289	\$ 68,333,868	\$ 65,213,249
Contributions as a percentage of covered employee payroll	3.68%	3.31%	2.98%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,761,631	\$ 1,574,129	\$ 1,434,482	\$ 1,361,463	\$ 1,299,389	\$ 1,258,836	\$ 630,852
<u>(1,761,631)</u>	<u>(1,574,129)</u>	<u>(1,434,482)</u>	<u>(1,361,463)</u>	<u>(1,299,389)</u>	<u>(1,258,836)</u>	<u>(630,852)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 62,065,970	\$ 56,691,939	\$ 52,718,193	\$ 50,203,725	\$ 47,934,351	\$ 46,310,888	\$ 43,529,437
2.84%	2.78%	2.72%	2.71%	2.71%	2.72%	1.45%

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2023

Measurement Year Ended August 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability (asset)	0.07006%	0.06780%	0.06577%
District's proportionate share of net OPEB liability (asset)	\$ 16,775,771	\$ 26,152,651	\$ 25,003,900
States proportionate share of the net OPEB liability (asset) associated with the District	<u>20,463,805</u>	<u>35,038,724</u>	<u>33,599,248</u>
Total	<u>\$ 37,239,576</u>	<u>\$ 61,191,375</u>	<u>\$ 58,603,148</u>
District's covered employee payroll	\$ 68,333,868	\$ 63,094,897	\$ 62,065,970
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	24.55%	41.45%	40.29%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%

Note: 10 years of information is required, but information prior to 2017 is not available.

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.06344%	0.05986%	0.05520%
\$ 29,999,529	\$ 29,887,166	\$ 24,002,534
<u>39,862,662</u>	<u>46,673,009</u>	<u>40,861,087</u>
<u>\$ 69,862,191</u>	<u>\$ 76,560,175</u>	<u>\$ 64,863,621</u>
\$ 56,691,939	\$ 52,718,193	\$ 50,203,725
52.92%	56.69%	47.81%
2.66%	1.57%	0.91%

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2023

For the Year Ended August 31,	2023	2022	2021
Contractually required contribution	\$ 634,476	\$ 574,521	\$ 529,390
Contribution in relation to the contractually required contributions	(634,476)	(574,521)	(529,390)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 75,798,289	\$ 68,333,868	\$ 65,213,249
Contributions as a percentage of covered employee payroll	0.84%	0.84%	0.81%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 499,952	\$ 441,279	\$ 412,926	\$ 286,963	\$ 263,491	\$ 254,712	\$ 239,412
<u>(499,952)</u>	<u>(441,279)</u>	<u>(412,926)</u>	<u>(286,963)</u>	<u>(263,491)</u>	<u>(254,712)</u>	<u>(239,412)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$62,065,970	\$56,691,939	\$52,718,193	\$50,203,725	\$47,934,351	\$46,310,888	\$43,529,437
0.81%	0.78%	0.78%	0.57%	0.55%	0.55%	0.55%

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COMBINING STATEMENTS

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2023

Data Control Codes		Special Revenue Funds			
		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool	226 Special Education - Preschool Grants
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	7,328	379,910	-	-
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>7,328</u>	<u>379,910</u>	<u>-</u>	<u>-</u>
LIABILITIES					
2110	Accounts payable	-	-	-	-
2160	Accrued wages payable	3,600	126,156	-	-
2170	Due to other funds	3,728	253,754	-	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>7,328</u>	<u>379,910</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
3450	Federal or state grant restrictions	-	-	-	-
Committed for:					
3545	Other	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 7,328</u>	<u>\$ 379,910</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds						
240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	279 TCLAS ESSER III	282 ESSER III	283 ESSER Supplemental
\$ 2,005,480	\$ -	\$ -	\$ 5,411	\$ 117	\$ 305	\$ -
-	2,357	31,908	901	11,703	168,936	-
2,371	-	-	-	-	-	-
88,829	-	-	-	-	-	-
160,914	-	-	-	-	-	-
<u>2,257,594</u>	<u>2,357</u>	<u>31,908</u>	<u>6,312</u>	<u>11,820</u>	<u>169,241</u>	<u>-</u>
99,431	-	-	-	-	-	-
183,271	-	-	6,232	-	32,946	-
-	2,357	31,908	80	11,820	136,295	-
424,316	-	-	-	-	-	-
<u>707,018</u>	<u>2,357</u>	<u>31,908</u>	<u>6,312</u>	<u>11,820</u>	<u>169,241</u>	<u>-</u>
1,550,576	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,550,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,257,594</u>	<u>\$ 2,357</u>	<u>\$ 31,908</u>	<u>\$ 6,312</u>	<u>\$ 11,820</u>	<u>\$ 169,241</u>	<u>\$ -</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2023

Data Control Codes		Special Revenue Funds			
		284	285	289	392
		IDEA-B Formula	IDEA-B Preschool	Student Support and Academic Enrichment Program	Noneducational Community Based Support
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	-	-	5,472	2,560
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>-</u>	<u>-</u>	<u>5,472</u>	<u>2,560</u>
LIABILITIES					
2110	Accounts payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	5,472	2,560
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>-</u>	<u>-</u>	<u>5,472</u>	<u>2,560</u>
FUND BALANCES					
Restricted for:					
3450	Federal or state grant restrictions	-	-	-	-
Committed for:					
3545	Other	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,472</u>	<u>\$ 2,560</u>

Special Revenue Funds						
410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 AP Testing	486 Athletic	488 PTA/PTO Donations	489 Other State and Local
\$ 1,882	\$ -	\$ 1,058,159	\$ 230,709	\$ 116,634	\$ 72,624	\$ 327,697
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,882</u>	<u>-</u>	<u>1,058,159</u>	<u>230,709</u>	<u>116,634</u>	<u>72,624</u>	<u>327,697</u>
-	-	-	-	14,681	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,882	-	-	-	-	-	-
<u>1,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,681</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	1,058,159	230,709	101,953	72,624	327,697
-	-	<u>1,058,159</u>	<u>230,709</u>	<u>101,953</u>	<u>72,624</u>	<u>327,697</u>
\$ 1,882	\$ -	\$ 1,058,159	\$ 230,709	\$ 116,634	\$ 72,624	\$ 327,697

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LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2023

Data Control Codes		Special Revenue Funds <u>492/493</u> Lake Travis Ed. Foundation Mini Grants	Total Nonmajor Governmental Funds <u> </u>
	ASSETS		
1110	Cash and cash equivalents	\$ 228,908	\$ 4,047,926
1240	Due from other governments	-	611,075
1250	Accrued interest	-	2,371
1260	Due from other funds	-	88,829
1300	Inventories	-	160,914
1000	Total assets	<u>228,908</u>	<u>4,911,115</u>
	LIABILITIES		
2110	Accounts payable	-	114,112
2160	Accrued wages payable	-	352,205
2170	Due to other funds	-	447,974
2300	Unearned revenue	-	426,198
2000	Total liabilities	<u>-</u>	<u>1,340,489</u>
	FUND BALANCES		
	Restricted for:		
3450	Federal or state grant restrictions	-	1,550,576
	Committed for:		
3545	Other	<u>228,908</u>	<u>2,020,050</u>
3000	Total fund balances	<u>228,908</u>	<u>3,570,626</u>
4000	Total liabilities and fund balances	<u>\$ 228,908</u>	<u>\$ 4,899,295</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Special Revenue Funds			
		211 ESEA I, A Improving Basic Program	224 IDEA Part B Formula	225 IDEA Part B Preschool	226 Special Education - Preschool Grants
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program	-	-	-	-
5900	Federal program	<u>251,755</u>	<u>1,952,935</u>	<u>20,552</u>	<u>198,799</u>
5020	Total revenues	<u>251,755</u>	<u>1,952,935</u>	<u>20,552</u>	<u>198,799</u>
EXPENDITURES					
Current:					
0011	Instruction	215,216	1,458,003	20,552	198,799
0012	Instructional resources and staff development	36,539	-	-	-
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	481,932	-	-
0032	Social work services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
0093	Payments to fiscal agent/member districts of SSA	-	13,000	-	-
6030	Total expenditures	<u>251,755</u>	<u>1,952,935</u>	<u>20,552</u>	<u>198,799</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds						
240	244	255	263	279	282	283
National Breakfast and Lunch Program	Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition	TCLAS ESSER III	ESSER III	ESSER Supplemental
\$ 5,688,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,778	-	-	-	-	-	-
<u>743,220</u>	<u>51,292</u>	<u>153,435</u>	<u>86,181</u>	<u>62,703</u>	<u>862,060</u>	<u>1,302,526</u>
<u>6,443,716</u>	<u>51,292</u>	<u>153,435</u>	<u>86,181</u>	<u>62,703</u>	<u>862,060</u>	<u>1,302,526</u>
-	49,292	-	82,642	62,703	618,941	1,153,413
-	2,000	153,435	3,539	-	-	12,346
-	-	-	-	-	20,882	19,549
-	-	-	-	-	-	-
-	-	-	-	-	222,237	-
-	-	-	-	-	-	772
6,300,026	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	27,098
-	-	-	-	-	-	26,874
-	-	-	-	-	-	14,134
-	-	-	-	-	-	16,256
-	-	-	-	-	-	32,084
-	-	-	-	-	-	-
<u>6,300,026</u>	<u>51,292</u>	<u>153,435</u>	<u>86,181</u>	<u>62,703</u>	<u>862,060</u>	<u>1,302,526</u>
<u>143,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,406,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,550,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Special Revenue Funds			
		284	285	289	392
		IDEA-B Formula	IDEA-B Preschool	Student Support and Academic Enrichment Program	Noneducational Community Based Support
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program	-	-	-	2,560
5900	Federal program	<u>434,540</u>	<u>14,008</u>	<u>19,473</u>	<u>-</u>
5020	Total revenues	<u>434,540</u>	<u>14,008</u>	<u>19,473</u>	<u>2,560</u>
EXPENDITURES					
Current:					
0011	Instruction	34,313	14,008	19,473	-
0012	Instructional resources and staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	400,227	-	-	-
0032	Social work services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	2,560
0093	Payments to fiscal agent/member districts of SSA	-	-	-	-
6030	Total expenditures	<u>434,540</u>	<u>14,008</u>	<u>19,473</u>	<u>2,560</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds						
410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 AP Testing	486 Athletic	488 PTA/PTO Donations	489 Other State and Local
\$ -	\$ -	\$ 1,646,182	\$ 237,945	\$ 753,356	\$ 235,412	\$ 155,886
1,209,239	63,000	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,209,239</u>	<u>63,000</u>	<u>1,646,182</u>	<u>237,945</u>	<u>753,356</u>	<u>235,412</u>	<u>155,886</u>
1,209,239	-	1,116,372	-	-	237,365	58,742
-	-	-	-	-	-	7,867
-	-	-	-	-	-	-
-	-	-	215,488	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	538,183	-	819,444	2,519	19,960
-	-	-	-	-	-	-
-	63,000	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	51,814
-	-	-	-	-	-	-
<u>1,209,239</u>	<u>63,000</u>	<u>1,654,555</u>	<u>215,488</u>	<u>819,444</u>	<u>239,884</u>	<u>138,383</u>
-	-	(8,373)	22,457	(66,088)	(4,472)	17,503
-	-	1,066,532	208,252	168,041	77,096	310,194
\$ -	\$ -	\$ 1,058,159	\$ 230,709	\$ 101,953	\$ 72,624	\$ 327,697

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LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Special Revenue Funds	Total Nonmajor Governmental Funds
		492/493 Lake Travis Ed. Foundation Mini Grants	
REVENUES			
5700	Local and intermediate sources	\$ -	\$ 8,717,499
5800	State program	-	1,286,577
5900	Federal program	-	<u>6,153,479</u>
5020	Total revenues	<u>-</u>	<u>16,157,555</u>
EXPENDITURES			
Current:			
0011	Instruction	354,430	6,903,503
0012	Instructional resources and staff development	-	215,726
0021	Instructional leadership	-	40,431
0031	Guidance, counseling and evaluation services	-	1,097,647
0032	Social work services	-	222,237
0034	Student (pupil) transportation	-	772
0035	Food services	-	6,300,026
0036	Extracurricular activities	-	1,380,106
0041	General administration	-	27,098
0051	Facilities maintenance and operations	-	26,874
0052	Security and monitoring services	-	77,134
0053	Data processing services	-	16,256
0061	Community services	-	86,458
0093	Payments to fiscal agent/member districts of SSA	-	<u>13,000</u>
6030	Total expenditures	<u>354,430</u>	<u>16,407,268</u>
1200	Net change in fund balances	<u>(354,430)</u>	<u>(249,713)</u>
0100	Fund balance - beginning	<u>583,338</u>	<u>3,820,339</u>
3000	Fund balance - ending	<u>\$ 228,908</u>	<u>\$ 3,570,626</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-3

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS

AUGUST 31, 2023

	Community Education	Video Display Board	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,357,650	\$ 104,955	\$ 2,462,605
Total current assets	<u>2,357,650</u>	<u>104,955</u>	<u>2,462,605</u>
Noncurrent assets:			
Capital assets			
Buildings and improvements	-	493,399	493,399
Accumulated depreciation	<u>-</u>	<u>(24,670)</u>	<u>(24,670)</u>
Total noncurrent assets	<u>-</u>	<u>468,729</u>	<u>468,729</u>
Total assets	<u>2,357,650</u>	<u>573,684</u>	<u>2,931,334</u>
LIABILITIES			
Current liabilities:			
Accounts payable	8,327		8,327
Accrued wages payable	113,058	-	113,058
Due to other funds	<u>3,402</u>	<u>-</u>	<u>3,402</u>
Total current liabilities	<u>124,787</u>	<u>-</u>	<u>124,787</u>
Total liabilities	<u>124,787</u>	<u>-</u>	<u>124,787</u>
NET POSITION			
Investment in capital assets	-	468,729	468,729
Unrestricted	<u>2,232,863</u>	<u>104,955</u>	<u>2,337,818</u>
Total net position	<u>\$ 2,232,863</u>	<u>\$ 573,684</u>	<u>\$ 2,806,547</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT**EXHIBIT H-4**

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

	Community Education	Video Display Board	Total Enterprise Funds
OPERATING REVENUES			
Local and intermediate sources	\$ 3,735,624	\$ 105,125	\$ 3,840,749
Total operating revenues	<u>3,735,624</u>	<u>105,125</u>	<u>3,840,749</u>
OPERATING EXPENSES			
Payroll costs	2,200,647	-	2,200,647
Professional and contracted services	710,676	170	710,846
Supplies and materials	170,120	-	170,120
Other operating costs	183,168	-	183,168
Depreciation	-	24,670	24,670
Total operating expenses	<u>3,264,611</u>	<u>24,840</u>	<u>3,289,451</u>
Total operating income (loss)	<u>471,013</u>	<u>80,285</u>	<u>551,298</u>
Change in net position	<u>471,013</u>	<u>80,285</u>	<u>551,298</u>
Net position, beginning	<u>1,761,850</u>	<u>493,399</u>	<u>2,255,249</u>
Net position, ending	<u>\$ 2,232,863</u>	<u>\$ 573,684</u>	<u>\$ 2,806,547</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-5

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

	Community Education	Video Display Board	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for charges for services	\$ 3,735,624	\$ 105,125	\$ 3,840,749
Payments to employees	(2,165,768)	-	(2,165,768)
Payments to suppliers	(1,066,252)	(170)	(1,066,422)
Net cash provided by operating activities	<u>503,604</u>	<u>104,955</u>	<u>608,559</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>503,604</u>	<u>104,955</u>	<u>608,559</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,854,046</u>	<u>-</u>	<u>1,854,046</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>2,357,650</u>	<u>104,955</u>	<u>2,462,605</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	471,013	80,285	551,298
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	24,670	24,670
Increase (decrease) in due to other funds	(10,615)	-	(10,615)
Increase (decrease) in accounts payable	8,327	-	8,327
Increase (decrease) in accrued wages payable	<u>34,879</u>	<u>-</u>	<u>34,879</u>
Net cash provided by operating activities	<u>\$ 503,604</u>	<u>\$ 104,955</u>	<u>\$ 608,559</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-6

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

AUGUST 31, 2023

	<u>Workers Compensation</u>	<u>Self Funded Health Insurance</u>	<u>DSA/HSA</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 860,186	\$ 2,599,770	\$ 110,591	\$ 3,570,547
Investments current	197,056	-	-	197,056
Due from other funds	<u>-</u>	<u>89,291</u>	<u>-</u>	<u>89,291</u>
Total current assets	<u>1,057,242</u>	<u>2,689,061</u>	<u>110,591</u>	<u>3,856,894</u>
 Total assets	 <u>1,057,242</u>	 <u>2,689,061</u>	 <u>110,591</u>	 <u>3,856,894</u>
LIABILITIES				
Current liabilities:				
Due to other funds	443,417	-	-	443,417
Accrued expenses	<u>184,921</u>	<u>536,434</u>	<u>-</u>	<u>721,355</u>
Total current liabilities	<u>628,338</u>	<u>536,434</u>	<u>-</u>	<u>1,164,772</u>
 Total liabilities	 <u>628,338</u>	 <u>536,434</u>	 <u>-</u>	 <u>1,164,772</u>
NET POSITION				
Unrestricted	<u>428,904</u>	<u>2,152,627</u>	<u>110,591</u>	<u>2,692,122</u>
 Total net position	 <u>\$ 428,904</u>	 <u>\$ 2,152,627</u>	 <u>\$ 110,591</u>	 <u>\$ 2,692,122</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-7

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

	Workers Compensation	Self Funded Health Insurance	DSA/HSA	Total Internal Service Funds
OPERATING REVENUES				
Local and intermediate sources	\$ 231,379	\$ 9,505,833	\$ 319,806	\$ 10,057,018
Total operating revenues	<u>231,379</u>	<u>9,505,833</u>	<u>319,806</u>	<u>10,057,018</u>
OPERATING EXPENSES				
Professional and contracted services	193,084	-	-	193,084
Claims	301,340	9,137,001	345,370	9,783,711
Other operating costs	<u>49,778</u>	<u>-</u>	<u>-</u>	<u>49,778</u>
Total operating expenses	<u>544,202</u>	<u>9,137,001</u>	<u>345,370</u>	<u>10,026,573</u>
Operating income (loss)	<u>(312,823)</u>	<u>368,832</u>	<u>(25,564)</u>	<u>30,445</u>
NON-OPERATING REVENUES				
Investment and interest income	<u>8,314</u>	<u>2,590</u>	<u>268</u>	<u>11,172</u>
Total non-operating revenues	<u>8,314</u>	<u>2,590</u>	<u>268</u>	<u>11,172</u>
Change in net position	<u>(304,509)</u>	<u>371,422</u>	<u>(25,296)</u>	<u>41,617</u>
Net position, beginning	<u>733,413</u>	<u>1,781,205</u>	<u>135,887</u>	<u>2,650,505</u>
Net position, ending	<u>\$ 428,904</u>	<u>\$ 2,152,627</u>	<u>\$ 110,591</u>	<u>\$ 2,692,122</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-8

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

	<u>Workers Compensation</u>	<u>Self Funded Health Insurance</u>	<u>DSA/HSA</u>	<u>Total Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from contributors	\$ 231,379	\$ 9,505,833	\$ 319,806	\$ 10,057,018
Payments to suppliers	(242,862)	-	-	(242,862)
Claims paid	<u>(295,135)</u>	<u>(9,010,251)</u>	<u>(345,370)</u>	<u>(9,650,756)</u>
Net cash provided by (used in) operating activities	<u>(306,618)</u>	<u>495,582</u>	<u>(25,564)</u>	<u>163,400</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other funds	<u>66,468</u>	<u>-</u>	<u>-</u>	<u>66,468</u>
Net cash provided by noncapital financing activities	<u>66,468</u>	<u>-</u>	<u>-</u>	<u>66,468</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(6,148)	-	-	(6,148)
Interest received	<u>8,314</u>	<u>2,590</u>	<u>268</u>	<u>11,172</u>
Net cash provided by (used in) investing activities	<u>2,166</u>	<u>2,590</u>	<u>268</u>	<u>5,024</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(237,984)</u>	<u>498,172</u>	<u>(25,296)</u>	<u>234,892</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,098,170</u>	<u>2,101,598</u>	<u>135,887</u>	<u>3,335,655</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>860,186</u>	<u>2,599,770</u>	<u>110,591</u>	<u>3,570,547</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	(312,823)	368,832	(25,564)	30,445
Adjustments to reconcile operating income to net cash provided by operating activities:				
Decrease (increase) in due from other funds	-	110,472		110,472
Increase (decrease) in accrued expenses	<u>6,205</u>	<u>16,278</u>	<u>-</u>	<u>22,483</u>
Net cash provided by (used in) operating activities	<u>\$ (306,618)</u>	<u>\$ 495,582</u>	<u>\$ (25,564)</u>	<u>\$ 163,400</u>

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REQUIRED TEA SCHEDULES

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2023

Last Ten Years Ended August 31,	1		2	3	10
	Tax Rates			Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 9/1/2022
	Maintenance	Debt Service			
2014 and prior years	various	various		various	\$ 670,105
2015	1.040000	0.367500		7,911,588,785	115,228
2016	1.040000	0.367500		8,957,914,229	110,152
2017	1.040000	0.367500		9,984,903,074	143,996
2018	1.060000	0.347500		10,969,867,472	281,415
2019	1.060000	0.347500		12,241,356,541	331,023
2020	0.990000	0.347500		13,097,820,672	447,937
2021	0.976400	0.347500		13,423,952,554	509,851
2022	0.882600	0.347500		14,862,248,516	1,231,789
2023	0.884600	0.327500		18,696,132,167	-
1000 Totals					<u>\$ 3,841,496</u>
8000	Taxes Refunded under 26.1115				

EXHIBIT J-1

20	31	32	40	50
<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2023</u>
\$ -	\$ 20,598	\$ 7,278	\$ (70,543)	\$ 571,686
-	4,686	1,656	(1,821)	107,065
-	2,279	805	(1)	107,067
-	10,354	3,659	(1,065)	128,918
-	16,789	5,504	(990)	258,132
-	(89,018)	(29,183)	(161,737)	287,487
-	(362,306)	(127,173)	(572,824)	364,592
-	(204,182)	(72,668)	(338,905)	447,796
-	(253,565)	(99,834)	(990,717)	594,471
<u>226,615,818</u>	<u>159,683,355</u>	<u>59,118,583</u>	<u>(5,800,098)</u>	<u>2,013,782</u>
<u>\$ 226,615,818</u>	<u>\$ 158,828,990</u>	<u>\$ 58,808,627</u>	<u>\$ (7,938,701)</u>	<u>\$ 4,880,996</u>
	<u>\$ 323,350</u>			

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

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

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 5,311,000	\$ 5,511,000	\$ 5,688,718	\$ 177,718
5800	State program	22,000	22,000	11,778	(10,222)
5900	Federal program	<u>530,000</u>	<u>730,000</u>	<u>743,220</u>	<u>13,220</u>
5020	Total revenues	<u>5,863,000</u>	<u>6,263,000</u>	<u>6,443,716</u>	<u>180,716</u>
EXPENDITURES					
Current:					
0035	Food service	5,331,861	5,963,000	6,300,026	(337,026)
0051	Facilities maintenance and operations	<u>531,139</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>5,863,000</u>	<u>5,963,000</u>	<u>6,300,026</u>	<u>(337,026)</u>
1200	Net change in fund balances	<u>-</u>	<u>300,000</u>	<u>143,690</u>	<u>(156,310)</u>
0100	Fund balance - Beginning	<u>1,406,886</u>	<u>1,406,886</u>	<u>1,406,886</u>	<u>-</u>
3000	Fund balance - Ending	<u>\$ 1,406,886</u>	<u>\$ 1,706,886</u>	<u>\$ 1,550,576</u>	<u>\$ (156,310)</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

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

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and intermediate sources	\$ 60,300,000	\$ 59,600,000	\$ 59,665,850	\$ 65,850
5800	State program	-	440,000	421,299	(18,701)
5020	Total revenues	<u>60,300,000</u>	<u>60,040,000</u>	<u>60,087,149</u>	<u>47,149</u>
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	43,720,000	45,900,000	43,610,000	2,290,000
0072	Interest on long-term debt	12,931,355	12,531,355	14,371,103	(1,839,748)
0072	Bond issuance costs and fees	<u>128,645</u>	<u>138,645</u>	<u>23,449</u>	<u>115,196</u>
6030	Total expenditures	<u>56,780,000</u>	<u>58,570,000</u>	<u>58,004,552</u>	<u>565,448</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>3,520,000</u>	<u>1,470,000</u>	<u>2,082,597</u>	<u>612,597</u>
OTHER FINANCING SOURCES (USES)					
7911	Issuance of bonds	-	-	563	563
	Total other financing sources (uses)	-	-	<u>563</u>	<u>563</u>
1200	Net change in fund balance	<u>3,520,000</u>	<u>1,470,000</u>	<u>2,083,160</u>	<u>613,160</u>
0100	Fund balance - Beginning	<u>7,552,201</u>	<u>7,552,201</u>	<u>7,552,201</u>	-
3000	Fund balance - Ending	<u>\$ 11,072,201</u>	<u>\$ 9,022,201</u>	<u>\$ 9,635,361</u>	<u>\$ 613,160</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED AUGUST 31, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,627,472
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 2,091,870

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 538,136
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 381,025

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

FOR THE YEAR ENDED AUGUST 31, 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 at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	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 that were in effect at the school district's 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.	\$ <u>762,616</u>

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FEDERAL AWARDS SECTION

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Lake Travis Independent School District
Austin, 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, business-type activities, each major fund, and the aggregate remaining fund information of Lake Travis Independent School District (the “District”), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 13, 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 District’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Waco, Texas
December 13, 2023

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

Board of Trustees of
Lake Travis Independent School District
Austin, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Travis 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 Lake Travis Independent School District’s major federal programs for the year ended August 31, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

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

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

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

Waco, Texas
December 13, 2023

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2023

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Passed through the Texas Education Agency:			
School Breakfast Program (SBP)	10.553	71402201	\$ 10,822
School Breakfast Program (SBP)	10.553	71402301	<u>44,675</u>
Total Assistance Listing Number 10.553			<u>55,497</u>
National School Lunch Program (NSLP)	10.555	71302201	93,944
National School Lunch Program (NSLP)	10.555	71302301	<u>454,220</u>
Total Passed through the Texas Education Agency			<u>603,661</u>
Passed through the Texas Department of Agriculture:			
National School Lunch Program - Non-Cash Assistance	10.555	CE 00177	<u>139,559</u>
Total Assistance Listing Number 10.555			<u>687,723</u>
Total Child Nutrition Cluster			<u>743,220</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>743,220</u>
U. S. DEPARTMENT OF EDUCATION			
Passed through the Texas Education Agency:			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101227913	3,916
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101227913	211,300
ESEA, Title I, 1003 - School Improvement	84.010A	23610141227913	<u>36,539</u>
Total Assistance Listing Number 84.010			<u>251,755</u>
IDEA - Part B, High Cost Fund	84.027A	66002306	161,353
IDEA - Part B, High Cost Fund	84.027A	66002312	37,446
IDEA - Part B, Formula	84.027A	226600012279136000	33,215
IDEA - Part B, Formula	84.027A	236600012279136000	1,919,720
IDEA-B Formula - ARP - COVID-19	84.027X	225350022279135350	<u>434,540</u>
Total Assistance Listing Number 84.027			<u>2,586,274</u>
IDEA - Part B, Preschool	84.173A	236610012279136610	20,552
IDEA-B Preschool - ARP - COVID-19	84.173X	225360022279135360	<u>14,008</u>
Total Assistance Listing Number 84.173			<u>34,560</u>
Total Special Education Cluster (IDEA)			<u>2,620,834</u>
Carl D Perkins Basic Formula Grant - Career and Tech	84.048A	23420006227913	51,292
Title III, Part A - English Language Acquisition	84.365A	22671001227913	791
Title III, Part A - English Language Acquisition	84.365A	23671001227913	<u>85,390</u>
Total Assistance Listing Number 84.365			<u>86,181</u>
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	22694501227913	1,708
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	23694501227913	<u>151,727</u>
Total Assistance Listing Number 84.367			<u>153,435</u>
Title IV, Part A, Subpart 1	84.424A	23680101227913	19,473
Elementary & Secondary School Emergency Relief Fund (ESSER III) - COVID-19	84.425U	21528001227913	862,060
Elementary & Secondary School Emergency Relief Fund (ESSER III) TCLAS - COVID-19	84.425U	21528042227913	62,703
Elementary & Secondary School Emergency Relief Fund (ESSER Supplemental) - COVID-19	84.425U	21528043227913	<u>1,302,526</u>
Total Assistance Listing Number 84.425			<u>2,227,289</u>
Total Passed through the Texas Education Agency			<u>5,410,259</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>5,410,259</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 6,153,479</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2023

GENERAL

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

BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District’s significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

PASS-THROUGH EXPENDITURES

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

INDIRECT COSTS

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

RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Total federal revenues reported on Exhibit C-3	\$ 6,429,216
School health and related services (SHARS)	<u>(275,737)</u>
Total expenditures of federal awards reported on SEFA, Exhibit K-1	<u>\$ 6,153,479</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2023

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified,
that were not considered a material weakness None reported

Material noncompliance to the
financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified,
that were not considered a material weakness None reported

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

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

Identification of major programs:

Assistance Listing Numbers: Name of Federal Program or Cluster:
84.027, 84.173 Special Education Cluster (IDEA)

84.425 Elementary & Secondary School
Emergency Relief Fund
(ESSER) - COVID-19

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

Auditee qualified as low-risk auditee? Yes

Findings Relating to the Financial Statements

None

Findings and Questioned Costs for Federal Awards

None

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Item 2022-001:

Excess Expenditures Over Appropriations

<u>Criteria:</u>	Management is responsible for establishing and maintaining effective internal control over monitoring budget vs. actual expenditures to prevent or detect excess expenditures over budget before they occur. This requirement is part of Education Code 45-105(c).
<u>Condition/Context:</u>	For the year ended August 31, 2022, the General Fund's actual expenditures in function 11 exceeded budgeted expenditures by \$3,961,132. The National Breakfast and Lunch Program Fund's actual expenditures also exceeded budgeted expenditures by \$72,411, or 1%.
<u>Effect:</u>	Noncompliance with legal requirements for school district budgets formulated by the State of Texas and the Texas Education Agency ("TEA").
<u>Cause:</u>	For the General Fund, the budget overages were due to the District switching to a new financial accounting software system at the beginning of the year that had a change in the payroll accrual method. The final payroll run for the fiscal year on August 25, 2022, caused the function 11 area to go over budget due to a significant increase in payroll accrual over the prior year. For the Food and Nutrition Services Fund, the budget overage was due to the District underestimating the start-up food costs due to an inflation rate of 8% and supply chain issues creating the need for increased inventory of goods over the prior year. Management did not amend the budgets prior to the end of the fiscal year August 31, 2022.
<u>Recommendation:</u>	The District should monitor actual expenditures by function incurred and amend the budgeted expenditures by function as necessary by the end of the fiscal year.
<u>Status:</u>	The District's actual expenditures did not exceed budgeted expenditures in the General Fund for fiscal year 2023.

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