

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

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

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Certificate of Board.....	1
	Independent Auditor’s Report.....	2
	Management’s Discussion and Analysis.....	5
Basic Financial Statements		
	Government-wide Statements:	
A-1	Statement of Net Position.....	11
B-1	Statement of Activities.....	12
	Governmental Funds:	
C-1	Balance Sheet.....	14
C-2	Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	16
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance.....	17
C-4	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	19
	Proprietary Funds:	
D-1	Statement of Net Position.....	20
D-2	Statement of Revenues, Expenses and Changes in Fund Net Position.....	21
D-3	Statement of Cash Flows.....	22
	Fiduciary Fund:	
E-1	Statement of Fiduciary Net Position.....	23
E-2	Statement of Changes in Fiduciary Net Position.....	24
	Notes to the Financial Statements.....	25
Required Supplementary Information		
G-1	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.....	49
	Notes to Required Budgetary Schedule.....	50

G-2	Schedule of the District's Proportionate Share of the Net Pension Liability Teacher Retirement System.....	51
G-3	Schedule of the District's Pension Contributions Teacher Retirement System.....	53
G-4	Schedule of the District's Proportionate Share of the Net OPEB Liability Teacher Retirement System.....	55
G-5	Schedule of the District's OPEB Contributions Teacher Retirement System	57

Combining Statements

Nonmajor Governmental Funds:

H-1	Combining Balance Sheet	59
H-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	63

Enterprise Funds:

H-3	Combining Statement of Net Position	67
H-4	Combining Statement of Revenues, Expenses and Changes in Net Position	68
H-5	Combining Statement of Cash Flows.....	69

Internal Service Funds:

H-6	Combining Statement of Net Position	70
H-7	Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	71
H-8	Combining Statement of Cash Flows.....	72

Required TEA Schedules

J-1	Schedule of Delinquent Taxes Receivable	73
J-2	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – National Breakfast and Lunch Program Fund	75
J-3	Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Debt Service Fund	76
J-4	Use of Funds Report – Select State Allotment Programs	77
L-1	Schedule of Required Responses to Selected School First Indicators.....	78

Federal Awards Section

	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	79
	Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance	81

K-1	Schedule of Expenditures of Federal Awards	84
	Notes to Schedule of Expenditures of Federal Awards	85
	Schedule of Findings and Questioned Costs	86
	Schedule of Prior Year Audit Findings	88
	Corrective Action Plan	89

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATE OF BOARD

Lake Travis Independent School District
Name of School District

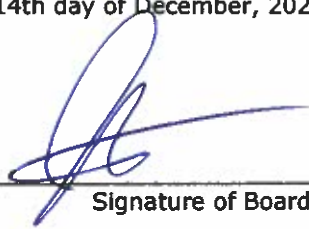
Travis
County

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, 2022, at a meeting of the Board of Trustees of such school district on the 14th day of December, 2022.



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)

THIS PAGE LEFT BLANK INTENTIONALLY

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, 2022, 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, 2022, 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 2022 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is 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 14, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 14, 2022

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, 2022. 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 \$123,278,204 (net position).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$77,309,486. Approximately 59.6% of this total amount, \$46,101,114, represents unassigned fund balance in the General Fund, which is available for spending at the District's discretion or 31.5% of the total General Fund expenditures.
- At the end of the current fiscal year, fund balance for the Capital Projects Fund was \$19,792,196.

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 \$102,454,420 to \$121,022,955. 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 \$1,099,534 at August 31, 2022. This increase in governmental net position was the result of the District's revenues exceeding expenses by \$18,568,535 as shown in Table II.

Net position of the District's business-type activities increased from \$2,039,696 to \$2,255,249. This increase is a result of the District's revenues exceeding expenses by \$215,553.

**TABLE I
NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 94,028,913	\$ 114,702,182	\$ 1,840,029	\$ 1,836,048	\$ 95,868,942	\$ 116,538,230
Capital assets	<u>425,125,278</u>	<u>425,434,048</u>	<u>493,399</u>	<u>269,407</u>	<u>425,618,677</u>	<u>425,703,455</u>
Total assets	<u>519,154,191</u>	<u>540,136,230</u>	<u>2,333,428</u>	<u>2,105,455</u>	<u>521,487,619</u>	<u>542,241,685</u>
Deferred outflows - deferred loss	16,055,201	17,215,204	-	-	16,055,201	17,215,204
Deferred outflows related to pensions	8,291,658	9,445,943	-	-	8,291,658	9,445,943
Deferred outflows related to OPEB	<u>9,969,196</u>	<u>8,349,599</u>	-	-	<u>9,969,196</u>	<u>8,349,599</u>
Total deferred outflows of resources	<u>34,316,055</u>	<u>35,010,746</u>	-	-	<u>34,316,055</u>	<u>35,010,746</u>
Current liabilities	10,940,082	24,846,081	78,179	65,759	11,018,261	24,911,840
Long-term liabilities	<u>389,518,307</u>	<u>425,623,768</u>	-	-	<u>389,518,307</u>	<u>425,623,768</u>
Total liabilities	<u>400,458,389</u>	<u>450,469,849</u>	<u>78,179</u>	<u>65,759</u>	<u>400,536,568</u>	<u>450,535,608</u>
Deferred inflows related to leases	647,615	-	-	-	647,615	-
Deferred inflows related to pensions	13,150,772	3,913,444	-	-	13,150,772	3,913,444
Deferred inflows related to OPEB	<u>18,190,515</u>	<u>18,309,263</u>	-	-	<u>18,190,515</u>	<u>18,309,263</u>
Total deferred inflows of resources	<u>31,988,902</u>	<u>22,222,707</u>	-	-	<u>31,988,902</u>	<u>22,222,707</u>
Net position:						
Net investment in capital assets	110,791,071	94,625,678	493,399	269,407	111,284,470	94,895,085
Restricted	9,132,350	7,666,701	-	-	9,132,350	7,666,701
Unrestricted	<u>1,099,534</u>	<u>162,041</u>	<u>1,761,850</u>	<u>1,770,289</u>	<u>2,861,384</u>	<u>1,932,330</u>
Total net position	<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>

The cost of all governmental activities this year was \$184,428,316. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was

\$180,487,129 because some of the costs were paid by those who directly benefited from the programs (\$7,254,120), by operating grants or contributions (\$8,694,752), or state foundation funding (\$5,669,745).

**TABLE II
CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues:						
Charges for services	\$ 7,254,120	\$ 3,644,387	\$ 3,146,147	\$ 2,012,816	\$ 10,400,267	\$ 5,657,203
Operating grants and contributions	8,694,752	14,490,938	-	-	8,694,752	14,490,938
General revenues:						
Maintenance and operations taxes	132,510,949	129,022,331	-	-	132,510,949	129,022,331
Debt service taxes	47,976,180	45,932,751	-	-	47,976,180	45,932,751
Grants and contributions not restricted	5,669,745	5,180,782	-	-	5,669,745	5,180,782
Investment earnings	702,024	1,193,927	-	-	702,024	1,193,927
Miscellaneous	189,081	203,010	-	-	189,081	203,010
Total revenues	<u>202,996,851</u>	<u>199,668,126</u>	<u>3,146,147</u>	<u>2,012,816</u>	<u>206,142,998</u>	<u>201,680,942</u>
EXPENSES						
Governmental activities						
Instruction	69,669,146	66,474,041	-	-	69,669,146	66,474,041
Instructional resources and media services	955,482	1,103,041	-	-	955,482	1,103,041
Curriculum and instructional staff development	947,961	1,144,884	-	-	947,961	1,144,884
Instructional leadership	2,435,961	2,008,856	-	-	2,435,961	2,008,856
School leadership	4,795,390	5,308,542	-	-	4,795,390	5,308,542
Guidance, counseling and evaluation services	5,046,018	5,086,455	-	-	5,046,018	5,086,455
Social work services	338,349	160,150	-	-	338,349	160,150
Health services	855,658	1,058,990	-	-	855,658	1,058,990
Student (pupil) transportation	5,339,016	5,716,723	-	-	5,339,016	5,716,723
Food services	6,341,182	4,479,863	-	-	6,341,182	4,479,863
Co-curricular/extra curricular activities	4,727,152	3,484,340	-	-	4,727,152	3,484,340
General administration	4,589,806	3,935,231	-	-	4,589,806	3,935,231
Facilities maintenance and operations	15,001,719	21,507,160	-	-	15,001,719	21,507,160
Security and monitoring services	1,795,249	874,660	-	-	1,795,249	874,660
Data processing services	4,718,040	3,700,086	-	-	4,718,040	3,700,086
Community services	294,912	1,053,174	-	-	294,912	1,053,174
Debt service - interest on long-term debt	10,262,893	4,541,462	-	-	10,262,893	4,541,462
Debt service - bond issuance costs	13,851	1,151,229	-	-	13,851	1,151,229
Contracted instructional services between schools	45,491,491	45,815,978	-	-	45,491,491	45,815,978
Incremental costs related to recapture	294,076	262,808	-	-	294,076	262,808
Payments related to shared service arrangements	25,511	44,008	-	-	25,511	44,008
Other intergovernmental charges	489,453	444,089	-	-	489,453	444,089
Business-type activities						
Community education	-	-	2,624,512	2,301,343	2,624,512	2,301,343
Video display board	-	-	306,082	22,450	306,082	22,450
Total expenses	<u>184,428,316</u>	<u>179,355,770</u>	<u>2,930,594</u>	<u>2,323,793</u>	<u>187,358,910</u>	<u>181,679,563</u>
CHANGE IN NET POSITION	<u>18,568,535</u>	<u>20,312,356</u>	<u>215,553</u>	<u>(310,977)</u>	<u>18,784,088</u>	<u>20,001,379</u>
NET POSITION, BEGINNING	<u>102,454,420</u>	<u>82,142,064</u>	<u>2,039,696</u>	<u>2,350,673</u>	<u>104,494,116</u>	<u>84,492,737</u>
NET POSITION, ENDING	<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>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$77,309,486, which is an decrease of \$20,419,773 over last year's total of \$97,729,259. Included in this year's total change in fund balance are a decrease of \$1,357,088 in the District's General Fund, an increase of \$526,393 in the District's Debt Service Fund, and a decrease of \$20,931,765 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 2022, the District had \$425,618,677 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a decrease of \$84,778 from last year. This decrease is primarily related to the depreciation of capital assets in the current year.

	District's Capital Assets (Net of Accumulated Depreciation)	
	2022	2021
Land	\$ 33,200,078	\$ 28,417,557
Construction in progress	16,026,423	150,894,912
Buildings and improvements	365,388,486	234,215,205
Furniture and equipment	4,074,096	5,006,340
Vehicles	6,929,594	7,169,441
Total capital assets, net	<u>\$ 425,618,677</u>	<u>\$ 425,703,455</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 \$350,909,673 in bonds outstanding versus \$389,442,781 last year. The decrease in bonds outstanding is a result of making annual debt service payments. Additionally, during the year the District early redeemed bonds in the amount of \$25,090,000 for debt service savings. Other obligations of the District include accrued sick leave, 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 what has been one of the fastest growing regions in the state and the country. The District has a diversified tax base with the principal tax payers (the top-ten tax payers) making up only 6.69% of the District's overall tax base. For the 2022 tax year, Galleria Texas, LLC was the District's largest taxpayer.

The principal taxpayers for the District, along with the percent of assessed value for the District, are listed below:

1. CSHV HCG Retail, LLC	1.44%
2. Madrone Cielo Apartments, LLC	0.79%
3. IVT Shops at Galleria	0.78%
4. BMEF Lakeway, LLC	0.61%
5. Regency Lake Travis	0.59%
6. Lakeway Realty, LLC	0.56%
7. Avanti Hills, LLC	0.52%
8. AMFP V Bee Cave LLC	0.49%
9. FHF I Oaks at Lakeway LLC	0.48%
10. WSH 71 TX Partners LLC	0.43%

The District set its operating tax rate at \$0.9026 and its debt service tax rate at \$0.3275 for the 2021-2022 school year, and the Board adopted an operating tax rate of \$0.8846 and debt service tax rate of \$0.3275 for the 2022-2023 school year.

Due to projected growth in students, the 2022-2023 budget includes the following:

- The August 2022 unemployment rate for Travis County is 2.9 percent while the state unemployment rate is 4.1 percent.
- The District's student attendance rate for the 2021-2022 school year declined to 92.2%, lower than the typical annual range of 95.5%, due to COVID-19 outbreaks during the school year.
- The District experienced an enrollment increase of 3.1 percent for the 2021-2022 school year; this is up from the previous year's decline due to the COVID-19 pandemic, and reflects an overall increase in growth of 15.5 percent over the past five years.

- The District's taxable valuation has increased by 28.6 percent for the 2022-2023 school year. This is up significantly from an increase of 13.4 percent last year.
- The District has appropriated General Fund revenues and expenditures in the 2022-2023 budget of \$174 million and \$176.9 million, respectively. Significant changes to the budget include the cost to educate approximately 553 new students (\$3.4 million), the increase cost of recapture due to higher property tax values (\$22 million), the increase in operating costs due to supply chain issues and an 8.0 percent inflation rate (\$1.8 million), and the salary increase of 4.0 percent for Administrators and 7.0 percent for all other staff (\$4.4 million).
- In 2021, under the 87th Legislative session, Congress passed House Bill 1525 (HB 1525), referred to as the "Clean-Up Bill" to House Bill 3 (HB 3) which was passed in the 86th Legislative session. Under HB 1525, adjustments were made to the Fast Growth and Career and Technology Education Allotments, and it reinstated the Gifted & Talented Allotment effective for the 2021-2022 and 2022-2023 school years. The overall impact to the District is an increase in funding of \$550,000.

On the Interest and Sinking (I & S) Fund, increased property values throughout the District will allow the District to redeem an additional \$34.64 million of its Series 2012 and 2018A 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 \$22.3 million.

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.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

STATEMENT OF NET POSITION

AUGUST 31, 2022

Data Control Codes		1 Governmental Activities	2 Business-type Activities	Total
ASSETS				
1110	Cash and cash equivalents	\$ 27,429,031	\$ 1,854,046	\$ 29,283,077
1120	Investments current	58,620,689	-	58,620,689
1220	Property taxes receivables	3,841,496	-	3,841,496
1230	Allowance for uncollectible taxes	(1,148,163)	-	(1,148,163)
1240	Due from other governments	4,145,041	-	4,145,041
1250	Accrued interest	8,010	-	8,010
1260	Internal balances	14,017	(14,017)	-
1290	Other receivables	650,585	-	650,585
1300	Inventories	468,207	-	468,207
	Capital assets:			
1510	Land	33,200,078	-	33,200,078
1520	Buildings and improvements, net	364,895,087	493,399	365,388,486
1530	Furniture and equipment, net	4,074,096	-	4,074,096
1540	Vehicles, net	6,929,594	-	6,929,594
1580	Construction in progress	16,026,423	-	16,026,423
1000	Total assets	<u>519,154,191</u>	<u>2,333,428</u>	<u>521,487,619</u>
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred loss on bond refunding	16,055,201	-	16,055,201
1705	Related to TRS pension	8,291,658	-	8,291,658
1706	Related to TRS other post-employment benefits	9,969,196	-	9,969,196
1700	Total deferred outflows of resources	<u>34,316,055</u>	<u>-</u>	<u>34,316,055</u>
LIABILITIES				
2110	Accounts payable	1,953,408	-	1,953,408
2140	Interest payable	570,590	-	570,590
2150	Payroll deductions and withholdings	844,823	-	844,823
2160	Accrued wages payable	6,099,262	78,179	6,177,441
2180	Due to other governments	1,257	-	1,257
2200	Accrued expenses	1,039,047	-	1,039,047
2300	Unearned revenue	431,695	-	431,695
	Noncurrent liabilities:			
	Due within one year:			
2501	Long-term debt	9,252,731	-	9,252,731
	Due in more than one year:			
2502	Long-term debt	342,520,595	-	342,520,595
2540	Net TRS pension liability	11,592,330	-	11,592,330
2545	Net TRS other post-employment benefits liability	26,152,651	-	26,152,651
2000	Total liabilities	<u>400,458,389</u>	<u>78,179</u>	<u>400,536,568</u>
DEFERRED INFLOWS OF RESOURCES				
2602	Related to leases	647,615	-	647,615
2605	Related to TRS pension	13,150,772	-	13,150,772
2606	Related to TRS other post-employment benefits	18,190,515	-	18,190,515
2600	Total deferred inflows of resources	<u>31,988,902</u>	<u>-</u>	<u>31,988,902</u>
NET POSITION				
3200	Net investment in capital assets	110,791,071	493,399	111,284,470
	Restricted for:			
3820	Federal and state programs	1,406,886	-	1,406,886
3850	Debt service	7,725,464	-	7,725,464
3900	Unrestricted	1,099,534	1,761,850	2,861,384
3000	Total net position	<u>\$ 121,022,955</u>	<u>\$ 2,255,249</u>	<u>\$ 123,278,204</u>

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

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services
	Primary government:		
	Governmental activities:		
11	Instruction	\$ 69,669,146	\$ 166,170
12	Instructional resources and media services	955,482	-
13	Curriculum and staff development	947,961	-
21	Instructional leadership	2,435,961	-
23	School leadership	4,795,390	-
31	Guidance, counseling, and evaluation services	5,046,018	183,180
32	Social work services	338,349	-
33	Health services	855,658	-
34	Student transportation	5,339,016	-
35	Food service	6,341,182	4,433,865
36	Extracurricular activities	4,727,152	2,044,790
41	General administration	4,589,806	-
51	Facilities maintenance and operations	15,001,719	426,115
52	Security and monitoring services	1,795,249	-
53	Data processing services	4,718,040	-
61	Community services	294,912	-
72	Interest on long-term debt	10,262,893	-
73	Bond issuance costs and fees	13,851	-
91	Contracted instructional services between schools	45,491,491	-
92	Incremental costs related to recapture	294,076	-
93	Payments to fiscal agent/member districts of SSA	25,511	-
99	Other intergovernmental charges	489,453	-
	[TG] Total governmental activities	<u>184,428,316</u>	<u>7,254,120</u>
	Business-type activities:		
	Community education	2,624,512	3,032,725
	Video display board	306,082	113,422
	[TB] Total business-type activities	<u>2,930,594</u>	<u>3,146,147</u>
	[TP] Total primary government	<u>\$ 187,358,910</u>	<u>\$ 10,400,267</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		

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

Program Revenues 4	Net (Expenses) Revenue and Changes in in Net Position		
	6		
	Primary Government		
Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 4,050,966	\$(65,452,010)	\$ -	\$(65,452,010)
4,545	(950,937)	-	(950,937)
96,274	(851,687)	-	(851,687)
34,466	(2,401,495)	-	(2,401,495)
31,661	(4,763,729)	-	(4,763,729)
319,568	(4,543,270)	-	(4,543,270)
198,684	(139,665)	-	(139,665)
92,956	(762,702)	-	(762,702)
31,920	(5,307,096)	-	(5,307,096)
2,341,663	434,346	-	434,346
634,949	(2,047,413)	-	(2,047,413)
13,795	(4,576,011)	-	(4,576,011)
604,668	(13,970,936)	-	(13,970,936)
52,278	(1,742,971)	-	(1,742,971)
3,004	(4,715,036)	-	(4,715,036)
(21,674)	(316,586)	-	(316,586)
205,029	(10,057,864)	-	(10,057,864)
-	(13,851)	-	(13,851)
-	(45,491,491)	-	(45,491,491)
-	(294,076)	-	(294,076)
-	(25,511)	-	(25,511)
-	(489,453)	-	(489,453)
<u>8,694,752</u>	<u>(168,479,444)</u>	<u>-</u>	<u>(168,479,444)</u>
-	-	408,213	408,213
-	-	(192,660)	(192,660)
-	-	<u>215,553</u>	<u>215,553</u>
<u>\$ 8,694,752</u>	<u>\$(168,479,444)</u>	<u>\$ 215,553</u>	<u>\$(168,263,891)</u>
	132,510,949	-	132,510,949
	47,976,180	-	47,976,180
	5,669,745	-	5,669,745
	702,024	-	702,024
	<u>189,081</u>	<u>-</u>	<u>189,081</u>
	<u>187,047,979</u>	<u>-</u>	<u>187,047,979</u>
	<u>18,568,535</u>	<u>215,553</u>	<u>18,784,088</u>
	<u>102,454,420</u>	<u>2,039,696</u>	<u>104,494,116</u>
	<u>\$ 121,022,955</u>	<u>\$ 2,255,249</u>	<u>\$ 123,278,204</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes		10 <u>General Fund</u>	50 <u>Debt Service Fund</u>
ASSETS			
1110	Cash and cash equivalents	\$ 3,213,818	\$ 1,014,641
1120	Investments current	46,440,617	6,548,151
1220	Property taxes - delinquent	2,828,545	1,012,951
1230	Allowance for uncollectible taxes (credit)	(868,808)	(279,355)
1240	Due from other governments	848,990	-
1250	Accrued interest	6,872	-
1260	Due from other funds	3,984,416	-
1290	Other receivables	647,615	-
1300	Inventories	<u>43,636</u>	<u>-</u>
1000	Total assets	<u>57,145,701</u>	<u>8,296,388</u>
LIABILITIES			
2110	Accounts payable	114,812	-
2150	Payroll deductions & withholdings	844,823	-
2160	Accrued wages payable	5,762,924	-
2170	Due to other funds	1,319,830	-
2180	Due to other governments	923	334
2200	Accrued expenditures	-	-
2300	Unearned revenues	<u>2,062</u>	<u>-</u>
2000	Total liabilities	<u>8,045,374</u>	<u>334</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable revenue - property taxes	2,307,962	743,853
2602	Related to leases	<u>647,615</u>	<u>-</u>
2600	Total deferred inflows of resources	<u>2,955,577</u>	<u>743,853</u>
FUND BALANCES			
Nonspendable:			
3410	Inventories	43,636	-
Restricted:			
3450	Federal or state grant restrictions	-	-
3470	Construction	-	-
3480	Retirement of long-term debt	-	7,552,201
Committed:			
3545	Other	-	-
3600	Unassigned	<u>46,101,114</u>	<u>-</u>
3000	Total fund balances	<u>46,144,750</u>	<u>7,552,201</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 57,145,701</u>	<u>\$ 8,296,388</u>

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

60

Capital Projects	Other Funds	Total Governmental Funds
\$ 15,915,809	\$ 3,949,108	\$ 24,093,376
5,441,013	-	58,429,781
-	-	3,841,496
-	-	(1,148,163)
-	3,296,051	4,145,041
-	1,138	8,010
878,815	241,252	5,104,483
-	2,970	650,585
-	424,571	468,207
<u>22,235,637</u>	<u>7,915,090</u>	<u>95,592,816</u>
1,732,453	106,143	1,953,408
-	-	844,823
34,333	302,005	6,099,262
336,480	3,256,970	4,913,280
-	-	1,257
340,175	-	340,175
-	429,633	431,695
<u>2,443,441</u>	<u>4,094,751</u>	<u>14,583,900</u>
-	-	3,051,815
-	-	647,615
-	-	3,699,430
-	-	43,636
-	1,406,886	1,406,886
19,792,196	-	19,792,196
-	-	7,552,201
-	2,413,453	2,413,453
-	-	46,101,114
<u>19,792,196</u>	<u>3,820,339</u>	<u>77,309,486</u>
\$ <u>22,235,637</u>	\$ <u>7,915,090</u>	\$ <u>95,592,816</u>

THIS PAGE LEFT BLANK INTENTIONALLY

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

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

AUGUST 31, 2022

Total fund balances - governmental funds	\$	77,309,486
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		425,125,278
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.		3,051,815
3 Long-term liabilities, including bonds 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.	(335,718,125)
4 Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(570,590)
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 \$8,291,658, a deferred resource inflow in the amount of \$13,150,772, and a net pension liability in the amount of \$11,592,330.	(16,451,444)
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 \$9,969,196, a deferred resource inflow in the amount of \$18,190,515, and a net OPEB liability in the amount of \$26,152,651.	(34,373,970)
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>2,650,505</u>
19 Net position of governmental activities	\$	<u>121,022,955</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		10 General Fund	50 Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 133,742,851	\$ 47,998,225
5800	State program	10,856,765	205,029
5900	Federal program	555,394	-
5020	Total revenues	<u>145,155,010</u>	<u>48,203,254</u>
EXPENDITURES			
Current:			
0011	Instruction	59,756,176	-
0012	Instructional resources and media services	980,025	-
0013	Curriculum and instructional staff development	890,296	-
0021	Instructional leadership	2,246,619	-
0023	School leadership	4,882,003	-
0031	Guidance, counseling and evaluation services	4,882,443	-
0032	Social work services	144,997	-
0033	Health services	897,191	-
0034	Student (pupil) transportation	4,237,167	-
0035	Food services	90,000	-
0036	Extracurricular activities	2,541,177	-
0041	General administration	3,801,000	-
0051	Facilities maintenance and operations	10,929,741	-
0052	Security and monitoring services	845,785	-
0053	Data processing services	2,635,347	-
0061	Community services	421,600	-
Debt service:			
0071	Principal on long term debt	-	33,930,000
0072	Interest on long term debt	-	13,733,010
0072	Bond issuance costs and fees	-	13,851
Capital outlay:			
0081	Facilities acquisition and construction	30,000	-
Intergovernmental:			
0091	Contracted instructional services between schools	45,491,491	-
0092	Incremental costs related to recapture	294,076	-
0093	Payments to fiscal agent/member districts of SSA	25,511	-
0099	Other intergovernmental charges	489,453	-
6030	Total expenditures	<u>146,512,098</u>	<u>47,676,861</u>
1200	Net change in fund balances	<u>(1,357,088)</u>	<u>526,393</u>
0100	Fund balance - beginning	<u>47,501,838</u>	<u>7,025,808</u>
3000	Fund balance - ending	<u>\$ 46,144,750</u>	<u>\$ 7,552,201</u>

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

60

Capital Projects	Other Funds	Total Governmental Funds
\$ 138,248	\$ 7,719,240	\$ 189,598,564
-	289,556	11,351,350
-	7,187,699	7,743,093
<u>138,248</u>	<u>15,196,495</u>	<u>208,693,007</u>
-	4,973,831	64,730,007
-	13,422	993,447
-	112,256	1,002,552
-	49,831	2,296,450
-	75,365	4,957,368
-	429,483	5,311,926
-	198,684	343,681
-	13,286	910,477
-	70,331	4,307,498
-	5,953,015	6,043,015
-	1,141,956	3,683,133
-	44,524	3,845,524
-	640,824	11,570,565
-	54,669	900,454
-	21,954	2,657,301
-	60,377	481,977
-	-	33,930,000
-	-	13,733,010
-	-	13,851
21,070,013	-	21,100,013
-	-	45,491,491
-	-	294,076
-	-	25,511
-	-	489,453
<u>21,070,013</u>	<u>13,853,808</u>	<u>229,112,780</u>
(20,931,765)	1,342,687	(20,419,773)
<u>40,723,961</u>	<u>2,477,652</u>	<u>97,729,259</u>
\$ <u>19,792,196</u>	\$ <u>3,820,339</u>	\$ <u>77,309,486</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, 2022

Net change in fund balances - total governmental funds	\$(20,419,773)
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.	(308,770)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	409,676
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond 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	33,930,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of premium on bonds	4,635,931
Amortization of deferred loss on refunding of bonds	(1,160,003)
Accreted interest	(32,823)
Accrued interest on long-term debt	27,012
Compensated absences	(298,140)
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 \$2,261,346. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,941,058. Finally, the proportionate share of pension expense on the plans as a whole had to be recorded. The net pension expense increased the change in net position by \$547,343.	867,631
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 \$574,521. 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 \$529,377. 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 \$544,450.	589,594
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>328,200</u>
Change in net position of governmental activities	<u>\$ 18,568,535</u>

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

AUGUST 31, 2022

	<u>Business-type Activities Nonmajor Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,854,046	\$ 3,335,655
Investments current	-	190,908
Due from other funds	<u>-</u>	<u>199,763</u>
Total current assets	<u>1,854,046</u>	<u>3,726,326</u>
Noncurrent assets:		
Capital assets		
Buildings and improvements	<u>493,399</u>	<u>-</u>
Total noncurrent assets	<u>493,399</u>	<u>-</u>
Total assets	<u>2,347,445</u>	<u>3,726,326</u>
LIABILITIES		
Current liabilities:		
Accrued wages payable	78,179	-
Due to other funds	14,017	376,949
Accrued expenses	<u>-</u>	<u>698,872</u>
Total current liabilities	<u>92,196</u>	<u>1,075,821</u>
Total liabilities	<u>92,196</u>	<u>1,075,821</u>
NET POSITION		
Investment in capital assets	493,399	-
Unrestricted	<u>1,761,850</u>	<u>2,650,505</u>
Total net position	<u>\$ 2,255,249</u>	<u>\$ 2,650,505</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, 2022

	Business-type Activities <u>Enterprise Funds</u>	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES		
Local and intermediate sources	\$ 3,146,147	\$ 12,699,178
Total operating revenues	<u>3,146,147</u>	<u>12,699,178</u>
OPERATING EXPENSES		
Payroll costs	1,972,717	-
Professional and contracted services	374,011	266,154
Supplies and materials	132,997	-
Claims	-	12,018,723
Other operating costs	181,462	91,645
Depreciation	-	-
Total operating expenses	<u>2,661,187</u>	<u>12,376,522</u>
Operating income	<u>484,960</u>	<u>322,656</u>
NON-OPERATING REVENUES (EXPENSES)		
Loss on disposal of capital assets	(269,407)	-
Investment and interest income	-	5,544
Total non-operating revenues (expenses)	<u>(269,407)</u>	<u>5,544</u>
Change in net position	<u>215,553</u>	<u>328,200</u>
Net position, beginning	<u>2,039,696</u>	<u>2,322,305</u>
Net position, ending	<u>\$ 2,255,249</u>	<u>\$ 2,650,505</u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Business-type Activities <u>Enterprise Funds</u>	Governmental Activities <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for charges for services	\$ 3,146,147	\$ -
Receipts from contributors	-	12,699,178
Payments to employees	(1,956,580)	-
Payments to suppliers	(678,170)	(357,799)
Claims paid	-	(10,864,587)
Net cash provided by operating activities	<u>511,397</u>	<u>1,476,792</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from other funds	-	376,949
Net cash provided by noncapital financing activities	<u>-</u>	<u>376,949</u>
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(493,399)	-
Net cash used in capital related financing activities	<u>(493,399)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(190,908)
Interest received	-	5,544
Net cash used in investing activities	<u>-</u>	<u>(185,364)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>17,998</u>	<u>1,668,377</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,836,048</u>	<u>1,667,278</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>1,854,046</u>	<u>3,335,655</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	484,960	322,656
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease (increase) in due from other funds	-	1,529,034
Increase (decrease) in due to other funds	14,017	-
Increase (decrease) in accounts payable	(3,717)	-
Increase (decrease) in accrued wages payable	16,137	-
Increase (decrease) in accrued expenses	-	(374,898)
Net cash provided by operating activities	<u>\$ 511,397</u>	<u>\$ 1,476,792</u>

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND

AUGUST 31, 2022

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>237,185</u>
Total assets	<u>237,185</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for:	
Student groups	<u>237,185</u>
Total net position	<u>\$ 237,185</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND

FOR THE YEAR ENDED AUGUST 31, 2022

	<u>Custodial Fund</u>
ADDITIONS	
Tuition and fees	\$ <u>226,292</u>
Total additions	<u>226,292</u>
DEDUCTIONS	
Supplies and materials	<u>201,659</u>
Total deductions	<u>201,659</u>
Net increase in fiduciary net position	<u>24,633</u>
Net position, beginning	-
Prior period adjustment	<u>212,552</u>
Net position, ending	\$ <u><u>237,185</u></u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2022

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. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, 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:

Asset Class	Estimated Useful Life
Buildings and improvements	15-40
Furniture and equipment	3-20
Vehicles	7-10

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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, 2022 will change.

17. Change in Accounting Principle

GASB Statement No. 87, *Leases*, was adopted effective September 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and deferred inflows were recognized, and more extensive note disclosures were required.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures over Appropriations

Expenditures in the instruction function in the General Fund exceeded budgeted amounts by \$3,961,132 for the year ended August 31, 2022. Expenditures in the food services function in the National Breakfast and Lunch Program Fund exceeded budgeted amounts by \$72,411 for the year ended August 31, 2022. 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, 2022 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, 2022 are shown below.

<u>Description</u>	<u>Reported Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard & Poor's Rating</u>
Local Government Investment Pool:			
TexPool	\$ 35,353,448	25	AAAm
MBIA Texas CLASS	<u>15,495,309</u>	34	AAAm
	50,848,757		
Prosperity Bank:			
Money market accounts	<u>8,042,706</u>	1	AAA
	<u>\$ 58,891,463</u>		

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, 2022, 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, 2022, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2022, 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, 2022, 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, 2021, upon which the October 2021 levy was based was \$14,862,248,516. The District levied taxes based on a combined tax rate of \$1.2301 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, 2022, the District's recapture liability was \$45,491,491 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, 2022:

	General Fund	Nonmajor Governmental Funds	Total
Federal and state programs	\$ 848,990	\$ 3,296,051	\$ 4,145,041

D. Interfund Balances

Interfund balances at August 31, 2022 consisted of the following:

Due To Fund	Due From Fund	Amount
General fund	Capital projects fund	\$ 336,480
General fund	Nonmajor enterprise fund	14,017
General fund	Internal service fund	376,949
General fund	Nonmajor governmental	3,256,970
Capital projects fund	General fund	878,815
Internal service fund	General fund	199,763
Nonmajor governmental	General fund	241,252
Total		<u>\$ 5,304,246</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 \$647,615 and miscellaneous receivables in the National Lunch and Breakfast Fund in the amount of \$2,970.

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	\$ 156,785
Land - cell tower	2.0%	25 years	2022	494,185	<u>490,830</u>
Totals					<u>\$ 647,615</u>

F. Capital Assets

Governmental capital asset activity for the year ended August 31, 2022 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	\$ 28,417,557	\$ 4,782,521	\$ -	\$ 33,200,078
Construction in progress	<u>150,894,912</u>	<u>9,834,732</u>	<u>(144,703,221)</u>	<u>16,026,423</u>
Total capital assets, not being depreciated	<u>179,312,469</u>	<u>14,617,253</u>	<u>(144,703,221)</u>	<u>193,929,722</u>
Capital assets, being depreciated:				
Buildings and improvements	351,542,323	597,472	144,703,221	496,843,016
Furniture and equipment	20,466,146	550,313	-	21,016,459
Vehicles	<u>14,835,259</u>	<u>945,943</u>	<u>-</u>	<u>15,781,202</u>
Total capital assets, being depreciated	<u>386,843,728</u>	<u>2,093,728</u>	<u>144,703,221</u>	<u>533,640,677</u>
Less accumulated depreciation for:				
Buildings and improvements	(117,596,525)	(14,351,404)	-	(131,947,929)
Furniture and equipment	(15,459,806)	(1,482,557)	-	(16,942,363)
Vehicles	<u>(7,665,818)</u>	<u>(1,185,790)</u>	<u>-</u>	<u>(8,851,608)</u>
Total accumulated depreciation	<u>(140,722,149)</u>	<u>(17,019,751)</u>	<u>-</u>	<u>(157,741,900)</u>
Total governmental activities capital assets, net	<u>\$ 425,434,048</u>	<u>\$ (308,770)</u>	<u>\$ -</u>	<u>\$ 425,125,278</u>

Governmental depreciation was charged to functions as follows:

Governmental activities:	
Instruction	\$ 9,552,146
Instruction Resources & Media Services	31,610
Instructional Leadership	260,939
School Leadership	203,400
Guidance, Counseling & Evaluation Services	26,465
Health Services	23,215
Student (Pupil) Transportation	1,312,256
Food Services	451,523
Extracurricular Activities	1,196,822
General Administration	456,632
Facilities Maintenance & Operations	2,145,850
Data Processing Services	919,432
Community services	<u>439,461</u>
Total depreciation expense	<u>\$ 17,019,751</u>

Business-type capital asset activity for the year ended August 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ <u>449,008</u>	\$ <u>493,399</u>	\$ <u>449,008</u>	\$ <u>493,399</u>
Total capital assets, being depreciated	<u>449,008</u>	<u>493,399</u>	<u>449,008</u>	<u>493,399</u>
Less accumulated depreciation for:				
Vehicles	(179,601)	-	(179,601)	-
Total accumulated depreciation	<u>(179,601)</u>	<u>-</u>	<u>(179,601)</u>	<u>-</u>
Total governmental activities capital assets, net	<u>\$ 269,407</u>	<u>\$ 493,399</u>	<u>\$ 269,407</u>	<u>\$ 493,399</u>

During the current year business-type activities depreciation was zero.

G. Unearned Revenue

At August 31, 2022, unearned revenue in the governmental funds consisted of the following:

	General	Non-major Governmental	Totals
Prepayments for student meals	\$ -	\$ 400,343	\$ 400,343
Other	<u>2,062</u>	<u>29,290</u>	<u>31,352</u>
Totals	<u>\$ 2,062</u>	<u>\$ 429,633</u>	<u>\$ 431,695</u>

H. Long-Term Liabilities

Governmental long-term liabilities activity for the year ended August 31, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 350,735,000	\$ -	\$ 33,930,000	\$ 316,805,000	\$ 9,080,000
Premium on bonds	38,012,535	-	4,635,931	33,376,604	-
Accretion on CABs	695,246	32,823	-	728,069	-
Compensated absences	565,513	298,140	-	863,653	172,731
Total long-term debt	<u>390,008,294</u>	<u>330,963</u>	<u>38,565,931</u>	<u>351,773,326</u>	<u>9,252,731</u>
Net pension liability	22,851,574	(9,316,690)	1,942,554	11,592,330	-
Net OPEB liability	25,003,900	1,678,406	529,655	26,152,651	-
Total long-term liabilities	<u>\$ 437,863,768</u>	<u>\$ (7,307,321)</u>	<u>\$ 41,038,140</u>	<u>\$ 389,518,307</u>	<u>\$ 9,252,731</u>

The District's General Fund generally liquidates compensated absences, net pension and net OPEB liabilities.

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, 2022 are as follows:

Description	Maturity Date	Interest Rates	Amount of Original Issue	Outstanding 8/31/22
Bonds:				
Unlimited Tax School Building Bonds, Series 2012	2042	3.00-5.00%	\$ 143,120,000	\$ 6,175,000
Unlimited Tax Refunding Bonds, Series 2013	2023	1.50-5.00%	104,600,000	3,690,000
Unlimited Tax Refunding Bonds, Series 2017	2040	1.50-5.00%	82,905,000	81,040,000
Unlimited Tax School Building Bonds, Series 2018A	2048	3.00-5.00%	108,735,000	80,265,000
Unlimited Tax School Building Bonds, Series 2019	2046	3.75-5.00%	92,705,000	82,570,000
Unlimited Tax Refunding Bonds, Series 2020	2036	1.65-5.00%	<u>64,450,000</u>	<u>63,065,000</u>
Total			<u>\$ 596,515,000</u>	<u>\$ 316,805,000</u>

Debt service requirements are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2023	\$ 9,080,000	\$ 12,931,354	\$ 22,011,354
2024	8,710,000	13,401,179	22,111,179
2025	9,935,000	12,254,854	22,189,854
2026	12,760,000	11,687,479	24,447,479
2027	13,270,000	11,036,729	24,306,729
2028-2032	76,610,000	44,983,697	121,593,697
2033-2037	85,920,000	29,058,033	114,978,033
2038-2042	56,385,000	14,689,803	71,074,803
2043-2047	39,760,000	4,544,801	44,304,801
2048	<u>4,375,000</u>	<u>87,500</u>	<u>4,462,500</u>
Totals	<u>\$ 316,805,000</u>	<u>\$ 154,675,429</u>	<u>\$ 471,480,429</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 \$0.3475.

In February 2022, the District made early payments of \$7,399,500 on its Series 2012 bonds prior to its scheduled maturity date. This included \$7,150,000 and \$249,500 of principal and accrued interest, respectively. The Series 2012 bonds paid had maturity dates of February 2037 through 2042. These early payments resulted in overall debt service savings to the District of \$4,215,787.

In February 2022, the District made early payments of \$18,175,763 on its Series 2018B bonds prior to its scheduled maturity date. This included \$17,940,000 and \$360,778 of principal and accrued interest, respectively. The Series 2018B bonds paid had maturity dates of February 2038 through 2048. These early payments resulted in overall debt service savings to the District of \$20,550,881.

In the prior year, 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, 2022, outstanding bonds of \$64,455,000 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.

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	
	2021	2022
Member	7.70%	8.00%
Non-employer contributing entity (State)	7.50%	7.75%
Employers	7.50%	7.75%
Current fiscal year employer contributions		\$ 2,261,346
Current fiscal year member contributions		5,467,943
2021 measurement year NECE on-behalf contributions		3,852,268

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, 2020, actuarial valuation rolled forward to August 31, 2021 was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Investment Rate of Return	7.25%
Inflation	2.30%
Salary Increases Including Inflation	3.05% to 9.05%
Payroll Growth Rate	3.00%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

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

Discount Rate. A single discount rate of 7.25 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 7.25 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 7.25 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, 2021, are summarized below:

Asset Class ¹	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources & Infrastruct	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity	8.00%	2.80%	0.28%
Asset Allocation Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ⁴			-0.95%
Total	100.00%		6.90%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the FY2021 policy model.

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

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 (7.25%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase in Discount Rate <u>(8.25%)</u>
District's proportionate share of net pension liability	\$ 25,331,081	\$ 11,592,330	\$ 446,033

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions. At August 31, 2022, the District reported a liability of \$11,592,330 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	\$ 11,592,330
State's proportionate share that is associated with the District	<u>22,988,683</u>
Total	<u>\$ 34,581,013</u>

The net pension liability was measured as of August 31, 2021, and the total pension liability used in the measurement was rolled forward from an actuarial valuation as of August 31, 2020. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 thru August 31, 2021.

At August 31, 2021, the District's proportion of the collective net pension liability was 0.0455199875% which was an decrease of 0.0028529893% from its proportion measured as of August 31, 2020.

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

For the year ended August 31, 2022, the District recognized pension expense of \$1,485,621 and revenue of \$91,906 for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 19,399	\$ 816,109
Changes in actuarial assumptions	4,097,662	1,786,229
Difference between projected and actual investment earnings	-	9,720,018
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,913,251	828,416
Contributions paid to TRS subsequent to the measurement date	<u>2,261,346</u>	<u>-</u>
Total	<u>\$ 8,291,658</u>	<u>\$ 13,150,772</u>

\$2,261,346 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, 2023. 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:

For the Year Ended August 31,	Pension Expense
2023	\$(1,123,936)
2024	(1,213,025)
2025	(2,064,018)
2026	(2,838,468)
2027	76,133
Thereafter	42,854

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	
	2021	2022
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 574,521
Current fiscal year member contributions		444,297
2021 measurement year NECE on-behalf contributions		709,620

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 \$230.8 million in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions. The total OPEB liability in the August 31, 2020 was rolled forward to August 31, 2021. The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All the demographic assumptions, including rates of retirement, termination, and disability, 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, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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 most recently published scale (UMP).

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2020 rolled forward to August 31,
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
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	4.25% to 9.00%
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 1.95 percent was used to measure the Total OPEB Liability. There was a decrease of 0.38 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 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 2.33% in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
Proportionate share of net OPEB liability	\$ 31,546,123	\$ 26,152,651	\$ 21,907,813

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2022, the District reported a liability of \$26,152,651 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	\$ 26,152,651
State's proportionate share that is associated with the District	<u>35,038,724</u>
Total	<u>\$ 61,191,375</u>

The Net OPEB Liability was measured as of August 31, 2021 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of August 31, 2020. 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, 2020 thru August 31, 2021.

At the August 31, 2021, the employer's proportion of the collective Net OPEB Liability was 0.0677978261% which was an increase of 0.0020232151% from its proportion measured as of August 31, 2020.

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>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate share of net OPEB liability	\$ 21,182,781	\$ 26,152,651	\$ 32,820,983

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

For the year ended August 31, 2022, the District recognized OPEB expense of \$(1,308,270) and revenue of \$(1,293,197) for support provided by the State.

At August 31, 2022, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 1,125,995	\$ 12,659,713
Changes in actuarial assumptions	2,896,713	5,530,802
Differences between projected and actual investment earnings	28,393	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	5,343,574	-
Contributions paid to OPEB subsequent to the measurement date	<u>574,521</u>	<u>-</u>
Total	<u>\$ 9,969,196</u>	<u>\$ 18,190,515</u>

\$574,521 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, 2023. 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:

<u>For the Year Ended August 31,</u>	<u>OPEB Expense</u>
2023	\$(1,897,075)
2024	(1,897,715)
2025	(1,897,540)
2026	(1,209,135)
2027	(277,147)
Thereafter	(1,617,228)

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 2022, 2021, and 2020 were \$282,234, \$291,670, and \$264,941, respectively.

L. Health Care Coverage

During the year ended August 31, 2022, 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
2020	\$ 433,635	\$ 12,380,343	\$(12,287,212)	\$ 526,766
2021	526,766	13,501,356	(13,131,752)	896,370
2022	896,370	11,580,503	(11,956,717)	520,156

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
2020	\$ 200,606	\$ 40,772	\$(56,923)	\$ 184,455
2021	184,455	78,392	(85,447)	177,400
2022	177,400	91,645	(90,329)	178,716

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, 2022, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

O. Commitments and Contingencies

The District participates in a number of federal financial assistance programs. Although the District grant programs have been audited in accordance with the provisions of the Uniform Guidance for the year ended August 31, 2022, these programs are subject to financial and compliance audits. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

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 will be responsible for the management and development of the Project and Travis County will provide oversight to ensure the Project is constructed in accordance with Travis County guidelines. The estimated total cost of the Project is \$10,000,000 and will be 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. Once the Project is completed and accepted by Travis County the constructed roadway will be owned, operated, and maintained by Travis County. Upon completion of the Project, unused funds provided by Travis County will be returned within 60 days. As of August 31, 2022, project construction was approximately 50% complete.

At August 31, 2022, the District is also committed under construction contracts with a remaining balance of \$3,298,567.

P. Other Fund Balance Commitments

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

Campus activities	\$	1,066,532
AP testing		208,252
Athletics		168,041
Instruction		<u>970,628</u>
Total other committed fund balance	\$	<u>2,413,453</u>

Q. Negative Operating Grants and Contributions – Statement of Activities

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

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

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

	<u>Operating Grants and Contributions</u>	<u>Negative On-Behalf Accruals</u>	<u>Operating Grants and Contributions (excluding on- behalf of accruals)</u>
Instruction	\$ 4,050,966	\$(861,662)	\$ 4,912,628
Instructional resources and media services	4,545	(12,494)	17,039
Curriculum and staff development	96,274	(10,812)	107,086
Instructional leadership	34,466	(21,625)	56,091
School leadership	31,661	(61,511)	93,172
Guidance, counseling, and evaluation services	319,568	(46,613)	366,181
Social work services	198,684	-	198,684
Health services	92,956	(14,176)	107,132
Student transportation	31,920	(54,062)	85,982
Food service	2,341,663	(30,274)	2,371,937
Extracurricular activities	634,949	(28,112)	663,061
General administration	13,795	(43,250)	57,045
Facilities maintenance and operations	604,668	(38,685)	643,353
Security and monitoring services	52,278	(3,364)	55,642
Data processing services	3,004	(26,671)	29,675
Community services	(21,674)	(39,886)	18,212
Interest on long-term debt	205,029	-	205,029
Totals	<u>\$ 8,694,752</u>	<u>\$(1,293,197)</u>	<u>\$ 9,987,949</u>

R. Subsequent Event

On August 17, 2022, the Board called for a bond election held on November 8, 2022 to address projected student enrollment growth over the next five years. Lake Travis ISD voters approved two of three propositions in the 2022 bond referendum—Proposition A, \$548.4 million for school facilities, necessary sites for school facilities, and new school buses; and Proposition B, \$60.8 million for school technology improvements. Voters rejected Proposition C, \$93.8 million for school stadium facilities. Propositions A and B totaling \$609.2 million are the District’s largest issue to date.

S. Prior Period Adjustment

During the current fiscal year, management determined that amounts previously reported in the custodial fund as due to student groups were not currently due and payable and were most appropriately reported as fiduciary net position. The resulting change of \$212,552 increased beginning fiduciary net position for the custodial fund.

T. New Accounting Standards

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

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

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

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

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

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

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, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 136,690,504	\$ 134,916,613	\$ 133,742,851	\$(1,173,762)
5800	State program	5,789,072	9,856,041	10,856,765	1,000,724
5900	Federal program	690,000	591,000	555,394	(35,606)
5020	Total revenues	<u>143,169,576</u>	<u>145,363,654</u>	<u>145,155,010</u>	<u>(208,644)</u>
EXPENDITURES					
Current:					
0011	Instruction	58,795,044	55,795,044	59,756,176	(3,961,132)
0012	Instructional resources and media services	946,936	1,046,936	980,025	66,911
0013	Curriculum and instructional staff development	1,095,204	995,204	890,296	104,908
0021	Instructional leadership	2,006,072	2,406,072	2,246,619	159,453
0023	School leadership	4,650,202	4,900,202	4,882,003	18,199
0031	Guidance, counseling and evaluation services	3,932,443	4,882,443	4,882,443	-
0032	Social work services	140,139	215,139	144,997	70,142
0033	Health services	922,045	922,045	897,191	24,854
0034	Student (pupil) transportation	4,654,001	4,454,001	4,237,167	216,834
0035	Food services	90,000	90,000	90,000	-
0036	Extracurricular activities	2,491,177	2,541,177	2,541,177	-
0041	General administration	3,766,012	3,816,012	3,801,000	15,012
0051	Facilities maintenance and operations	10,943,134	11,043,134	10,929,741	113,393
0052	Security and monitoring services	659,853	909,853	845,785	64,068
0053	Data processing services	2,927,386	2,927,386	2,635,347	292,039
0061	Community services	421,600	421,600	421,600	-
Capital outlay:					
0081	Facilities acquisition and construction	30,000	30,000	30,000	-
Intergovernmental:					
0091	Contracted instructional services between schools	45,283,201	47,087,406	45,491,491	1,595,915
0092	Incremental costs related to recapture	300,000	300,000	294,076	5,924
0093	Payments to fiscal agent/member districts of SSA	45,000	45,000	25,511	19,489
0095	Payments related to juvenile justice alternative education programs	15,000	15,000	-	15,000
0099	Other intergovernmental charges	570,000	520,000	489,453	30,547
6030	Total expenditures	<u>144,684,449</u>	<u>145,363,654</u>	<u>146,512,098</u>	<u>(1,148,444)</u>
1200	Net change in fund balance	<u>(1,514,873)</u>	<u>-</u>	<u>(1,357,088)</u>	<u>(1,357,088)</u>
0100	Fund balance - Beginning	<u>47,501,838</u>	<u>47,501,838</u>	<u>47,501,838</u>	<u>-</u>
3000	Fund balance - Ending	<u>\$ 45,986,965</u>	<u>\$ 47,501,838</u>	<u>\$ 46,144,750</u>	<u>\$(1,357,088)</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED BUDGETARY SCHEDULE

AUGUST 31, 2022

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, 2022

Measurement Year Ended August 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability (asset)	0.045520%	0.042667%	0.045454%	0.042582%
District's proportionate share of net pension liability (asset)	\$ 11,592,330	\$ 22,851,574	\$ 23,628,295	\$ 23,438,267
States proportionate share of the net pension liability (asset) associated with the District	<u>22,988,683</u>	<u>47,844,349</u>	<u>42,672,220</u>	<u>44,939,821</u>
Total	<u>\$ 34,581,013</u>	<u>\$ 70,695,923</u>	<u>\$ 66,300,515</u>	<u>\$ 68,378,088</u>
District's covered payroll	\$ 63,094,897	\$ 62,065,970	\$ 56,691,939	\$ 52,718,193
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	18.37%	36.82%	41.68%	44.46%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
0.041541%	0.041082%	0.042513%	0.024883%	2.490000%
\$ 13,282,490	\$ 15,524,204	\$ 15,027,850	\$ 6,646,594	\$ 8,161,471
<u>26,164,741</u>	<u>30,795,688</u>	<u>29,615,675</u>	<u>24,848,135</u>	<u>30,502,132</u>
<u>\$ 39,447,231</u>	<u>\$ 46,319,892</u>	<u>\$ 44,643,525</u>	<u>\$ 31,494,729</u>	<u>\$ 38,663,603</u>
\$ 50,203,725	\$ 47,934,351	\$ 46,310,888	\$ 43,529,437	\$ 41,623,406
26.46%	32.39%	32.45%	15.27%	19.61%
82.17%	78.00%	78.43%	83.25%	93.10%

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2022

For the Year Ended August 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 2,261,346	\$ 1,942,396	\$ 1,761,631	\$ 1,574,129
Contribution in relation to the contractually required contribution	<u>(2,261,346)</u>	<u>(1,942,396)</u>	<u>(1,761,631)</u>	<u>(1,574,129)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 68,333,868	\$ 65,213,249	\$ 62,065,970	\$ 56,691,939
Contributions as a percentage of covered employee payroll	3.31%	2.98%	2.84%	2.78%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,434,482	\$ 1,361,463	\$ 1,299,389	\$ 1,258,836	\$ 630,852	\$ 553,164
(1,434,482)	(1,361,463)	(1,299,389)	(1,258,836)	(630,852)	(553,164)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 52,718,193	\$ 50,203,725	\$ 47,934,351	\$ 46,310,888	\$ 43,529,437	\$ 41,623,406
2.72%	2.71%	2.71%	2.72%	1.45%	1.33%

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, 2022

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

For the Year Ended August 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 574,521	\$ 529,390	\$ 499,952	\$ 441,279
Contribution in relation to the contractually required contributions	<u>(574,521)</u>	<u>(529,390)</u>	<u>(499,952)</u>	<u>(441,279)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered employee payroll	\$ 68,333,868	\$ 65,213,249	\$ 62,065,970	\$ 56,691,939
Contributions as a percentage of covered employee payroll	0.84%	0.81%	0.81%	0.78%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 412,926	\$ 286,963	\$ 263,491	\$ 254,712	\$ 239,412	\$ 228,928
<u>(412,926)</u>	<u>(286,963)</u>	<u>(263,491)</u>	<u>(254,712)</u>	<u>(239,412)</u>	<u>(228,928)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 52,718,193	\$ 50,203,725	\$ 47,934,351	\$ 46,310,888	\$ 43,529,437	\$ 41,623,406
0.78%	0.57%	0.55%	0.55%	0.55%	0.55%

THIS PAGE LEFT BLANK INTENTIONALLY

COMBINING STATEMENTS

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

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	3,209	628,142	15,402	-
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>3,209</u>	<u>628,142</u>	<u>15,402</u>	<u>-</u>
LIABILITIES					
2110	Accounts payable	-	-	-	-
2160	Accrued wages payable	2,134	119,827	2,602	-
2170	Due to other funds	1,075	508,315	12,800	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>3,209</u>	<u>628,142</u>	<u>15,402</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>\$ 3,209</u>	<u>\$ 628,142</u>	<u>\$ 15,402</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	282 ESSER III	283 ESSER Supplemental	289 Student Support and Academic Enrichment Program
\$ 1,714,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	32,151	17,965	65,668	647,607	1,431,438	454,469
1,138	-	-	-	-	-	-
33,000	-	-	-	-	-	-
2,970	-	-	-	-	-	-
424,571	-	-	-	-	-	-
<u>2,176,296</u>	<u>32,151</u>	<u>17,965</u>	<u>65,668</u>	<u>647,607</u>	<u>1,431,438</u>	<u>454,469</u>
106,143	-	-	-	-	-	-
140,490	-	-	3,000	33,952	-	-
122,434	32,151	17,965	62,668	613,655	1,431,438	454,469
400,343	-	-	-	-	-	-
<u>769,410</u>	<u>32,151</u>	<u>17,965</u>	<u>65,668</u>	<u>647,607</u>	<u>1,431,438</u>	<u>454,469</u>
1,406,886	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,406,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>2,176,296</u>	\$ <u>32,151</u>	\$ <u>17,965</u>	\$ <u>65,668</u>	\$ <u>647,607</u>	\$ <u>1,431,438</u>	\$ <u>454,469</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2022

Data Control Codes		Special Revenue Funds			
		410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 AP Testing
ASSETS					
1110	Cash and cash equivalents	\$ 29,290	\$ -	\$ 1,066,532	\$ -
1240	Due from other governments	-	-	-	-
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	-	-	208,252
1290	Other receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total assets	<u>29,290</u>	<u>-</u>	<u>1,066,532</u>	<u>208,252</u>
LIABILITIES					
2110	Accounts payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	-	-	-	-
2300	Unearned revenue	<u>29,290</u>	<u>-</u>	<u>-</u>	<u>-</u>
2000	Total liabilities	<u>29,290</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
3450	Federal or state grant restrictions	-	-	-	-
Committed for:					
3545	Other	<u>-</u>	<u>-</u>	<u>1,066,532</u>	<u>208,252</u>
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>1,066,532</u>	<u>208,252</u>
4000	Total liabilities and fund balances	<u>\$ 29,290</u>	<u>\$ -</u>	<u>\$ 1,066,532</u>	<u>\$ 208,252</u>

Special Revenue Funds					
486	488	489	490/491/492	498/499	Total
Athletic	PTA/PTO Donations	Other State and Local	Lake Travis Ed. Foundation Mini Grants	Lake Travis Ed. Foundation Mini Grants	Nonmajor Governmental Funds
\$ 168,041	\$ 77,096	\$ 310,194	\$ 583,338	\$ -	\$ 3,949,108
-	-	-	-	-	3,296,051
-	-	-	-	-	1,138
-	-	-	-	-	241,252
-	-	-	-	-	2,970
-	-	-	-	-	424,571
<u>168,041</u>	<u>77,096</u>	<u>310,194</u>	<u>583,338</u>	<u>-</u>	<u>7,915,090</u>
-	-	-	-	-	106,143
-	-	-	-	-	302,005
-	-	-	-	-	3,256,970
-	-	-	-	-	429,633
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,094,751</u>
-	-	-	-	-	1,406,886
<u>168,041</u>	<u>77,096</u>	<u>310,194</u>	<u>583,338</u>	<u>-</u>	<u>2,413,453</u>
<u>168,041</u>	<u>77,096</u>	<u>310,194</u>	<u>583,338</u>	<u>-</u>	<u>3,820,339</u>
<u>\$ 168,041</u>	<u>\$ 77,096</u>	<u>\$ 310,194</u>	<u>\$ 583,338</u>	<u>\$ -</u>	<u>\$ 7,915,090</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, 2022

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>214,497</u>	<u>1,431,057</u>	<u>15,402</u>	<u>153,962</u>
5020	Total revenues	<u>214,497</u>	<u>1,431,057</u>	<u>15,402</u>	<u>153,962</u>
EXPENDITURES					
Current:					
0011	Instruction	214,497	1,062,220	15,402	153,962
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	338,627	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	-	30,210	-	-
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	-	-	-	-
6030	Total expenditures	<u>214,497</u>	<u>1,431,057</u>	<u>15,402</u>	<u>153,962</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 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	282 ESSER III	283 ESSER Supplemental	289 Student Support and Academic Enrichment Program
\$ 4,435,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31,448	-	-	-	-	-	-
<u>2,332,550</u>	<u>49,402</u>	<u>87,587</u>	<u>75,733</u>	<u>852,518</u>	<u>1,520,522</u>	<u>454,469</u>
<u>6,799,826</u>	<u>49,402</u>	<u>87,587</u>	<u>75,733</u>	<u>852,518</u>	<u>1,520,522</u>	<u>454,469</u>
-	49,402	-	67,990	643,908	917,480	30,269
-	-	-	-	-	13,422	-
-	-	87,587	7,743	-	8,626	-
-	-	-	-	15,687	34,144	-
-	-	-	-	-	75,365	-
-	-	-	-	-	71,494	-
-	-	-	-	192,923	5,761	-
-	-	-	-	-	13,286	-
-	-	-	-	-	40,121	-
5,922,411	-	-	-	-	30,604	-
-	-	-	-	-	10,151	-
-	-	-	-	-	44,524	-
-	-	-	-	-	207,954	424,200
-	-	-	-	-	11,130	-
-	-	-	-	-	21,954	-
-	-	-	-	-	14,506	-
<u>5,922,411</u>	<u>49,402</u>	<u>87,587</u>	<u>75,733</u>	<u>852,518</u>	<u>1,520,522</u>	<u>454,469</u>
<u>877,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>529,471</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>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

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

FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Special Revenue Funds			
		410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 AP Testing
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ 1,649,080	\$ 183,180
5800	State program	214,569	43,539	-	-
5900	Federal program	-	-	-	-
5020	Total revenues	<u>214,569</u>	<u>43,539</u>	<u>1,649,080</u>	<u>183,180</u>
EXPENDITURES					
Current:					
0011	Instruction	214,569	-	1,067,555	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	19,362
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	420,300	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	43,539	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total expenditures	<u>214,569</u>	<u>43,539</u>	<u>1,487,855</u>	<u>19,362</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>161,225</u>	<u>163,818</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>905,307</u>	<u>44,434</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,066,532</u>	<u>\$ 208,252</u>

Special Revenue Funds					
486	488	489	490/491/492	498/499	Total
Athletic	PTA/PTO Donations	Other State and Local	Lake Travis Ed. Foundation Mini Grants	Lake Travis Ed. Foundation Mini Grants	Nonmajor Governmental Funds
\$ 667,289	\$ 134,584	\$ 199,279	\$ 450,000	\$ -	\$ 7,719,240
-	-	-	-	-	289,556
-	-	-	-	-	7,187,699
<u>667,289</u>	<u>134,584</u>	<u>199,279</u>	<u>450,000</u>	<u>-</u>	<u>15,196,495</u>
-	113,749	216,010	195,022	11,796	4,973,831
-	-	-	-	-	13,422
-	-	8,300	-	-	112,256
-	-	-	-	-	49,831
-	-	-	-	-	75,365
-	-	-	-	-	429,483
-	-	-	-	-	198,684
-	-	-	-	-	13,286
-	-	-	-	-	70,331
-	-	-	-	-	5,953,015
703,304	-	8,201	-	-	1,141,956
-	-	-	-	-	44,524
-	-	8,670	-	-	640,824
-	-	-	-	-	54,669
-	-	-	-	-	21,954
-	-	45,871	-	-	60,377
<u>703,304</u>	<u>113,749</u>	<u>287,052</u>	<u>195,022</u>	<u>11,796</u>	<u>13,853,808</u>
(36,015)	20,835	(87,773)	254,978	(11,796)	1,342,687
<u>204,056</u>	<u>56,261</u>	<u>397,967</u>	<u>328,360</u>	<u>11,796</u>	<u>2,477,652</u>
\$ <u>168,041</u>	\$ <u>77,096</u>	\$ <u>310,194</u>	\$ <u>583,338</u>	\$ <u>-</u>	\$ <u>3,820,339</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-3

COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS

AUGUST 31, 2022

	Community Education	Video Display Board	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,854,046	\$ -	\$ 1,854,046
Total current assets	<u>1,854,046</u>	<u>-</u>	<u>1,854,046</u>
Noncurrent assets:			
Capital assets			
Buildings and improvements	-	493,399	493,399
Total noncurrent assets	<u>-</u>	<u>493,399</u>	<u>493,399</u>
Total assets	<u>1,854,046</u>	<u>493,399</u>	<u>2,347,445</u>
LIABILITIES			
Current liabilities:			
Accrued wages payable	78,179	-	78,179
Due to other funds	<u>14,017</u>	<u>-</u>	<u>14,017</u>
Total current liabilities	<u>92,196</u>	<u>-</u>	<u>92,196</u>
Total liabilities	<u>92,196</u>	<u>-</u>	<u>92,196</u>
NET POSITION			
Investment in capital assets	-	493,399	493,399
Unrestricted	<u>1,761,850</u>	<u>-</u>	<u>1,761,850</u>
Total net position	<u>\$ 1,761,850</u>	<u>\$ 493,399</u>	<u>\$ 2,255,249</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, 2022

	Community Education	Video Display Board	Total Enterprise Funds
OPERATING REVENUES			
Local and intermediate sources	\$ 3,032,725	\$ 113,422	\$ 3,146,147
Total operating revenues	<u>3,032,725</u>	<u>113,422</u>	<u>3,146,147</u>
OPERATING EXPENSES			
Payroll costs	1,972,717	-	1,972,717
Professional and contracted services	374,011	-	374,011
Supplies and materials	132,997	-	132,997
Other operating costs	<u>144,787</u>	<u>36,675</u>	<u>181,462</u>
Total operating expenses	<u>2,624,512</u>	<u>36,675</u>	<u>2,661,187</u>
Total operating income (loss)	<u>408,213</u>	<u>76,747</u>	<u>484,960</u>
NONOPERATING REVENUES (EXPENSES)			
Loss on disposal of capital assets	-	(269,407)	(269,407)
Total nonoperating revenues (expenses)	<u>-</u>	<u>(269,407)</u>	<u>(269,407)</u>
Change in net position	<u>408,213</u>	<u>(192,660)</u>	<u>215,553</u>
Net position, beginning	<u>1,353,637</u>	<u>686,059</u>	<u>2,039,696</u>
Net position, ending	<u>\$ 1,761,850</u>	<u>\$ 493,399</u>	<u>\$ 2,255,249</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-5

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	Community Education	Video Display Board	Total Enterprise Funds
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for charges for services	\$ 3,032,725	\$ 113,422	\$ 3,146,147
Payments to employees	(1,956,580)	-	(1,956,580)
Payments to suppliers	(641,495)	(36,675)	(678,170)
Net cash provided by operating activities	<u>434,650</u>	<u>76,747</u>	<u>511,397</u>
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>-</u>	(493,399)	(493,399)
Net cash used for capital related financing activities	<u>-</u>	(493,399)	(493,399)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>434,650</u>	(416,652)	<u>17,998</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,419,396</u>	<u>416,652</u>	<u>1,836,048</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>1,854,046</u>	<u>-</u>	<u>1,854,046</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	408,213	76,747	484,960
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase (decrease) in due to other funds	14,017	-	14,017
Increase (decrease) in accounts payable	(3,717)	-	(3,717)
Increase (decrease) in accrued wages payable	<u>16,137</u>	<u>-</u>	<u>16,137</u>
Net cash provided by operating activities	<u>\$ 434,650</u>	<u>\$ 76,747</u>	<u>\$ 511,397</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-6

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

AUGUST 31, 2022

	<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	\$ 1,098,170	\$ 2,101,598	\$ 135,887	\$ 3,335,655
Investments current	190,908	-	-	190,908
Due from other funds	<u>-</u>	<u>199,763</u>	<u>-</u>	<u>199,763</u>
Total current assets	<u>1,289,078</u>	<u>2,301,361</u>	<u>135,887</u>	<u>3,726,326</u>
 Total assets	 <u>1,289,078</u>	 <u>2,301,361</u>	 <u>135,887</u>	 <u>3,726,326</u>
LIABILITIES				
Current liabilities:				
Due to other funds	376,949	-	-	376,949
Accrued expenses	<u>178,716</u>	<u>520,156</u>	<u>-</u>	<u>698,872</u>
Total current liabilities	<u>555,665</u>	<u>520,156</u>	<u>-</u>	<u>1,075,821</u>
 Total liabilities	 <u>555,665</u>	 <u>520,156</u>	 <u>-</u>	 <u>1,075,821</u>
NET POSITION				
Unrestricted	<u>733,413</u>	<u>1,781,205</u>	<u>135,887</u>	<u>2,650,505</u>
Total net position	<u>\$ 733,413</u>	<u>\$ 1,781,205</u>	<u>\$ 135,887</u>	<u>\$ 2,650,505</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, 2022

	<u>Workers Compensation</u>	<u>Self Funded Health Insurance</u>	<u>DSA/HSA</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Local and intermediate sources	\$ 174,166	\$ 12,233,526	\$ 291,486	\$ 12,699,178
Total operating revenues	<u>174,166</u>	<u>12,233,526</u>	<u>291,486</u>	<u>12,699,178</u>
OPERATING EXPENSES				
Professional and contracted services	228,125	38,029	-	266,154
Claims	164,996	11,580,503	273,224	12,018,723
Other operating costs	<u>91,645</u>	<u>-</u>	<u>-</u>	<u>91,645</u>
Total operating expenses	<u>484,766</u>	<u>11,618,532</u>	<u>273,224</u>	<u>12,376,522</u>
Operating income (loss)	<u>(310,600)</u>	<u>614,994</u>	<u>18,262</u>	<u>322,656</u>
NON-OPERATING REVENUES				
Investment and interest income	<u>2,702</u>	<u>2,619</u>	<u>223</u>	<u>5,544</u>
Total non-operating revenues	<u>2,702</u>	<u>2,619</u>	<u>223</u>	<u>5,544</u>
Change in net position	<u>(307,898)</u>	<u>617,613</u>	<u>18,485</u>	<u>328,200</u>
Net position, beginning	<u>1,041,311</u>	<u>1,163,592</u>	<u>117,402</u>	<u>2,322,305</u>
Net position, ending	<u>\$ 733,413</u>	<u>\$ 1,781,205</u>	<u>\$ 135,887</u>	<u>\$ 2,650,505</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-8

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2022

	<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	\$ 174,166	\$ 12,233,526	\$ 291,486	\$ 12,699,178
Payments to suppliers	(319,770)	(38,029)	-	(357,799)
Claims paid	(163,680)	(10,427,683)	(273,224)	(10,864,587)
Net cash provided by (used in) operating activities	<u>(309,284)</u>	<u>1,767,814</u>	<u>18,262</u>	<u>1,476,792</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other funds	<u>376,949</u>	<u>-</u>	<u>-</u>	<u>376,949</u>
Net cash provided by noncapital financing activities	<u>376,949</u>	<u>-</u>	<u>-</u>	<u>376,949</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(190,908)	-	-	(190,908)
Interest received	<u>2,702</u>	<u>2,619</u>	<u>223</u>	<u>5,544</u>
Net cash provided by (used in) investing activities	<u>(188,206)</u>	<u>2,619</u>	<u>223</u>	<u>(185,364)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(120,541)</u>	<u>1,770,433</u>	<u>18,485</u>	<u>1,668,377</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,218,711</u>	<u>331,165</u>	<u>117,402</u>	<u>1,667,278</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>1,098,170</u>	<u>2,101,598</u>	<u>135,887</u>	<u>3,335,655</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	(310,600)	614,994	18,262	322,656
Adjustments to reconcile operating income to net cash provided by operating activities:				
Decrease (increase) in due from other funds	-	1,529,034		1,529,034
Increase (decrease) in accrued expenses	<u>1,316</u>	<u>(376,214)</u>	<u>-</u>	<u>(374,898)</u>
Net cash provided by (used in) operating activities	<u>\$(309,284)</u>	<u>\$ 1,767,814</u>	<u>\$ 18,262</u>	<u>\$ 1,476,792</u>

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED TEA SCHEDULES

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2022

Last Ten Years Ended August 31,	Tax Rates		3 Net Assessed/ Appraised Value for School Tax Purpose	10 Beginning Balance 9/1/2021
	1	2		
	Maintenance	Debt Service		
2013 and prior years	various	various	various	\$ 537,695
2014	1.040000	0.367500	7,115,224,770	147,032
2015	1.040000	0.367500	7,911,588,785	121,698
2016	1.040000	0.367500	8,957,914,229	118,616
2017	1.040000	0.367500	9,984,903,074	168,556
2018	1.060000	0.347500	10,969,867,472	313,424
2019	1.060000	0.347500	12,241,356,541	381,695
2020	0.990000	0.347500	13,097,820,672	654,561
2021	0.976400	0.347500	13,423,952,554	1,347,025
2022	0.882600	0.347500	14,862,248,516	-
1000 Totals				\$ <u>3,790,302</u>

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 8/31/2022</u>
\$ -	\$ 5,614	\$ 1,984	\$ (908)	\$ 529,189
-	4,519	1,597	-	140,916
-	4,781	1,689	-	115,228
-	6,254	2,210	-	110,152
-	(26,649)	(9,417)	(60,626)	143,996
-	(92,736)	(30,402)	(155,147)	281,415
-	(53,962)	(17,691)	(122,325)	331,023
-	(12,106)	(4,249)	(222,979)	447,937
-	(58,923)	(23,886)	(919,983)	509,851
<u>182,820,519</u>	<u>131,629,926</u>	<u>47,760,692</u>	<u>(2,198,112)</u>	<u>1,231,789</u>
\$ <u>182,820,519</u>	\$ <u>131,406,718</u>	\$ <u>47,682,527</u>	\$ <u>(3,680,080)</u>	\$ <u>3,841,496</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, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 5,311,000	\$ 4,011,000	\$ 4,435,828	\$ 424,828
5800	State program	9,000	22,000	31,448	9,448
5900	Federal program	<u>530,000</u>	<u>2,330,000</u>	<u>2,332,550</u>	<u>2,550</u>
5020	Total revenues	<u>5,850,000</u>	<u>6,363,000</u>	<u>6,799,826</u>	<u>436,826</u>
EXPENDITURES					
Current:					
0035	Food service	5,318,861	5,850,000	5,922,411	(72,411)
0051	Facilities maintenance and operations	<u>531,139</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>5,850,000</u>	<u>5,850,000</u>	<u>5,922,411</u>	<u>(72,411)</u>
1200	Net change in fund balances	<u>-</u>	<u>513,000</u>	<u>877,415</u>	<u>364,415</u>
0100	Fund balance - Beginning	<u>529,471</u>	<u>529,471</u>	<u>529,471</u>	<u>-</u>
3000	Fund balance - Ending	<u>\$ 529,471</u>	<u>\$ 1,042,471</u>	<u>\$ 1,406,886</u>	<u>\$ 364,415</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, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 53,500,000	\$ 48,515,000	\$ 47,998,225	\$(516,775)
5800	State program	<u>100,000</u>	<u>200,000</u>	<u>205,029</u>	<u>5,029</u>
5020	Total revenues	<u>53,600,000</u>	<u>48,715,000</u>	<u>48,203,254</u>	<u>(511,746)</u>
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	33,930,000	33,930,000	33,930,000	-
0072	Interest on long-term debt	14,428,398	14,428,398	13,733,010	695,388
0072	Bond issuance costs and fees	<u>131,602</u>	<u>131,602</u>	<u>13,851</u>	<u>117,751</u>
6030	Total expenditures	<u>48,490,000</u>	<u>48,490,000</u>	<u>47,676,861</u>	<u>813,139</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>5,110,000</u>	<u>225,000</u>	<u>526,393</u>	<u>301,393</u>
0100	Fund balance - Beginning	<u>7,025,808</u>	<u>7,025,808</u>	<u>7,025,808</u>	<u>-</u>
3000	Fund balance - Ending	<u>\$ 12,135,808</u>	<u>\$ 7,250,808</u>	<u>\$ 7,552,201</u>	<u>\$ 301,393</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED AUGUST 31, 2022

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,515,129
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)	\$ 1,924,448

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.	\$ 475,386
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 399,812

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

FOR THE YEAR ENDED AUGUST 31, 2022

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>728,069</u>

THIS PAGE LEFT BLANK INTENTIONALLY

FEDERAL AWARDS SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

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

Board of Trustees
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, 2022, 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 14, 2022.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

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*.

District's Response to Finding

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

Purpose of this Report

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

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

Waco, Texas
December 14, 2022

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

Board of Trustees 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, 2022. 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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 14, 2022

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2022

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(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	71402101	\$ 22,360
School Breakfast Program (SBP)	10.553	71402201	<u>178,870</u>
Total Assistance Listing Number 10.553			<u>201,230</u>
National School Lunch Program (NSLP)	10.555	71302101	224,968
National School Lunch Program (NSLP)	10.555	71302201	<u>1,788,931</u>
Total Passed through the Texas Education Agency			<u>2,215,129</u>
Passed through the Texas Department of Agriculture:			
Supply Chain Assistance Program - COVID-19	10.555	CE 00177	34,389
National School Lunch Program - Non-Cash Assistance	10.555	CE 00177	<u>82,418</u>
Total Assistance Listing Number 10.555			<u>2,130,706</u>
Total Child Nutrition Cluster			<u>4,345,835</u>
EBT Administration Expense Reimbursement - COVID-19	10.542	CEID 01074	<u>614</u>
Total Passed through the Texas Department of Agriculture			<u>117,421</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>2,332,550</u>
U. S. DEPARTMENT OF EDUCATION			
Passed through the Texas Education Agency:			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22610101037904	214,497
IDEA - Part B, Formula	84.027A	226600012279136600	1,431,057
IDEA - Part B, High Cost Fund	84.027A	66002206	<u>153,962</u>
Total Assistance Listing Number 84.027			<u>1,585,019</u>
IDEA - Part B, Preschool	84.173A	226610012279136610	<u>15,402</u>
Total Special Education Cluster (IDEA)			<u>1,600,421</u>
Carl D Perkins Basic Formula Grant - Career and Tech	84.048A	22420006227913	49,402
Title III, Part A - English Language Acquisition	84.365A	22671001227913	75,733
ESEA, Title II, Part A - Supporting Effective Instruction	84.367A	22694501227913	87,587
LEP Summer School	84.369A	69552002	4,424
Title IV, Part A, Subpart 1	84.424A	22680101227913	25,814
Elementary & Secondary School Emergency Relief Fund (ESSER III) - COVID-19	84.425U	21528001227913	852,518
Elementary & Secondary School Emergency Relief Fund (ESSER Supplemental) - COVID-19	84.425U	21528043227913	<u>1,520,522</u>
Total Assistance Listing Number 84.425			<u>2,373,040</u>
Total Passed through the Texas Education Agency			<u>4,430,918</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>4,430,918</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Texas Education Agency:			
School Health Support Grant - COVID-19	93.323	39352201227913	<u>424,231</u>
Total Passed through the Texas Education Agency			<u>424,231</u>
Passed through the Texas Health and Human Services Commission:			
Medicaid Administrative Claiming Program (Medicaid Cluster)	93.778	065953401	<u>89,742</u>
Total passed through the Texas Health and Human Services Commission			<u>89,742</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>513,973</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 7,277,441</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2022

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	\$ 7,743,093
School health and related services (SHARS)	(465,652)
Total expenditures of federal awards reported on SEFA, Exhibit K-1	\$ <u>7,277,441</u>

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2022

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified, that were not considered a material weakness	Item 2022-001
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: 10.553, 10.555	Name of Federal Program or Cluster: Child Nutrition Cluster
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

See 2022-001 on next page

Findings and Questioned Costs for Federal Awards

None

LAKE TRAVIS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
FOR THE YEAR ENDED AUGUST 31, 2022

Item 2022-001 (Recurring): Excess Expenditures Over Appropriations

Criteria: 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).

Condition/Context: 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%.

Effect: Noncompliance with legal requirements for school district budgets formulated by the State of Texas and the Texas Education Agency ("TEA").

Cause: 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.

Recommendation: 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.

Management's Response: The District agrees with this finding and has taken corrective action to ensure that established procedures are followed, and appropriate amendments are made on a timely basis.

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Item: 2021-001

Criteria: The District must amend the official budget before exceeding a functional expenditure category as expenditures from governmental funds cannot be made without authority of appropriation in accordance with Texas Education Code Section 44.006.

Condition /Context: The instructional resources and media services, instructional leadership, school leadership, guidance, counseling and evaluation services, social work services, health services, general administration, and facilities maintenance and operations functions in the General Fund exceeded budgeted amounts by \$6,813, \$73,337, \$138,868, \$117,762, \$878, \$30,741, \$61,248 and \$548,050, respectively, for the year ended August 31, 2021. The debt service function in the Debt Service Fund exceeded budgeted amounts by \$601,457 for the year ended August 31, 2021. The food services function in the Food and Nutrition Services Fund exceeded budgeted amounts by \$382,786 for the year ended August 31, 2021.

Effect: Noncompliance with legal requirements for school district budgets formulated by the State of Texas and the Texas Education Agency ("TEA").

Cause: For the General Fund, the budget overages were due to the following factors: (1) the District switched to a new financial accounting software system one month prior to the end of the fiscal year. The original system was not accessible to finish out the year. The change in the payroll accrual method between the two systems caused several function areas to go over budget. The District was not able to amend its budget in the General Fund prior to the end of the year based on the timing of the final payroll accrual process at year end; and (2) the District underestimated the start-up costs for opening schools in August 2021 after a year of on campus and remote instruction due to the COVID-19 pandemic. For the Debt Service Fund, the budget overage was due to the District's oversight in posting the accounting entries for the final closing of the Series 2020 Refunding Bonds. The error was not discovered prior to the final budget amendment approved in August 2021. For the Food and Nutrition Services Fund, the budget overage was due to the District underestimating the start-up costs for opening schools in August after a year of on campus and remote instruction due to the COVID-19 pandemic which resulted in a decrease in participation of the food service program.

Recommendations: 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.

Status: This finding recurred in fiscal year 2022. 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.

**Lake Travis Independent School District
Corrective Action Plan
Fiscal Year Ending August 31, 2022**

Corrective Action Plan for Finding 2022-001(Auditee Prepared)

Finding 2022-001 (Recurring)

Planned Corrective Action: District management will implement additional procedures to monitor budget to actual expenditures throughout the fiscal year and to ensure actual spending, by function area, are within year ending budgeted totals.

District management will monitor the expenditures associated with opening schools each fiscal year and properly budget prior to the end of the fiscal year.

District management will implement additional procedures to ensure the posting of all closing accounting entries are completed timely during the fiscal year.

Responsible Party: Pam Sanchez, Assistant Superintendent of Business Services

Estimated Completion Date: August 31, 2023

THIS PAGE LEFT BLANK INTENTIONALLY