

**SWEENY
INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED AUGUST 31, 2023**



**8 WEST WAY COURT
LAKE JACKSON, TEXAS 77566**

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SWEENY INDEPENDENT SCHOOL DISTRICT

Annual Financial Report For the Fiscal Year Ended August 31, 2023

Table of Contents

<u>Exhibit Number</u>		<u>Page Number</u>
	Introductory Section	
	Certificate of Board	7
	Financial Section	
	Independent Auditor's Report	11-14
	Management's Discussion and Analysis	15-25
	Basic Financial Statements:	
	Governmental-Wide Financial Statements:	
A-1	Statement of Net Position	26
B-1	Statement of Activities	27
	Fund Financial Statements:	
C-1	Balance Sheet - Governmental Funds.....	28
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide Statement of Net Position	29
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30
C-4	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Governmental-Wide Statement of Activities.....	31
E-1	Statement of Fiduciary Net Position - Fiduciary Funds.....	32
E-2	Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	33
	Notes to the Financial Statements.....	36-79
	Required Supplementary Information	
G-1	Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	83
G-2	Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - Cost Sharing Employer Plan	84-85
G-3	Schedule of Required Contributions - Cost Sharing Employer Plan.....	86-87
G-4	Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios - Cost Sharing Employer Plan.....	88-89
G-5	Schedule of Required OPEB Contributions - Cost Sharing Employer Plan.....	90-91
	Other Supplementary Information	
	Nonmajor Governmental Funds:	
H-1	Combining Balance Sheet - Nonmajor Governmental Funds.....	94-97
H-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	98-101

SWEENY INDEPENDENT SCHOOL DISTRICT

Annual Financial Report For the Fiscal Year Ended August 31, 2023

Table of Contents - Continued

<u>Exhibit Number</u>		<u>Page Number</u>
	Required Texas Education Agency Schedules:	
J-1	Schedule of Delinquent Taxes Receivable	102-103
J-2	Budgetary Comparison Schedule - National School Breakfast and Lunch Program	104
J-3	Budgetary Comparison Schedule - Debt Service Fund	105
J-4	Schedule of Compensatory Education Program and Bilingual Education Program	106
	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 Statement Performed in Accordance with <i>Government Auditing Standards</i>	109-110
	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	111-113
	Schedule of Findings and Questioned Costs	115
	Schedule of Status of Prior Findings	116
	Corrective Action Plan	117
K-1	Schedule of Expenditures of Federal Awards	118-119
	Notes on Accounting Policies for Federal Awards	120
	Schedule for Electronic Filing	
L-1	Required Responses to Selected School First Indicators	122-123

INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

Sweeny Independent School District
Name of School District

Brazoria
County

020-906
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ✓ approved ____ disapproved for the year ended August 31, 2023, at a meeting of the board of trustees of such school district on the 9th day of January, 2024.


Vice-President, Board of Trustees
Bryan Douget


Secretary, Board of Trustees
Debra Fields-Bell

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

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Lake Jackson
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Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

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2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Responsibilities of Management for the Financial Statements - Continued

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, required pension schedules and required OPEB schedules on pages 15 through 25 and pages 84 through 91 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 the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, required Texas Education Agency schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and individual nonmajor fund financial statements, required Texas Education Agency schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic 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 January 4, 2024, 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.

KM&L, LLC

Lake Jackson, Texas
January 4, 2024

SWEENEY INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

As management of the Sweeny Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent period by \$ 52,738,468 (*net position*). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations was \$ 12,676,919. The District is committed to provide pension and postemployment benefits to its employees. As a result, the District has recognized substantial liabilities in the financial statements for these benefits. As of August 31, 2023, the District had net pension liability of \$ 8,115,793 and net OPEB liability of \$ 4,723,466.
- The District's total net position increased \$ 9,447,000.
- As of the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$ 34,653,531, an increase of \$ 5,142,818 in comparison with the prior year. Of this amount, \$ 22,532,562 or 65.02%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 22,577,683, or 81.07% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The District has no *business-type activities*. The government-wide financial statements can be found on pages 26 through 27 of this report.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains twenty-five (25) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Sweeney Independent School District Education Foundation (blended component unit) and debt service fund; all of which are considered to be major funds. Data from the other twenty-two (22) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general fund, national school breakfast and lunch program special revenue fund, and debt service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 28 through 31 of this report.

- **Proprietary funds.** The District maintains no proprietary funds.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs.

The District maintains two different types of fiduciary funds: the *Private-purpose trust fund* and the *Custodial fund*. The *private-purpose trust funds* are used to account for donations and other specified donor purposes for family crisis. The *Custodial fund* accounts for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position that can be found on pages 32 through 33.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 through 79 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 83 through 91 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 94 through 101 of this report. Required Texas Education Agency schedules are to be found on page 102 through 106 of this report.

Government-wide Overall Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 52,738,468 as of August 31, 2023. Net position of the District's governmental activities increased from \$ 43,291,468 to \$ 52,738,468.

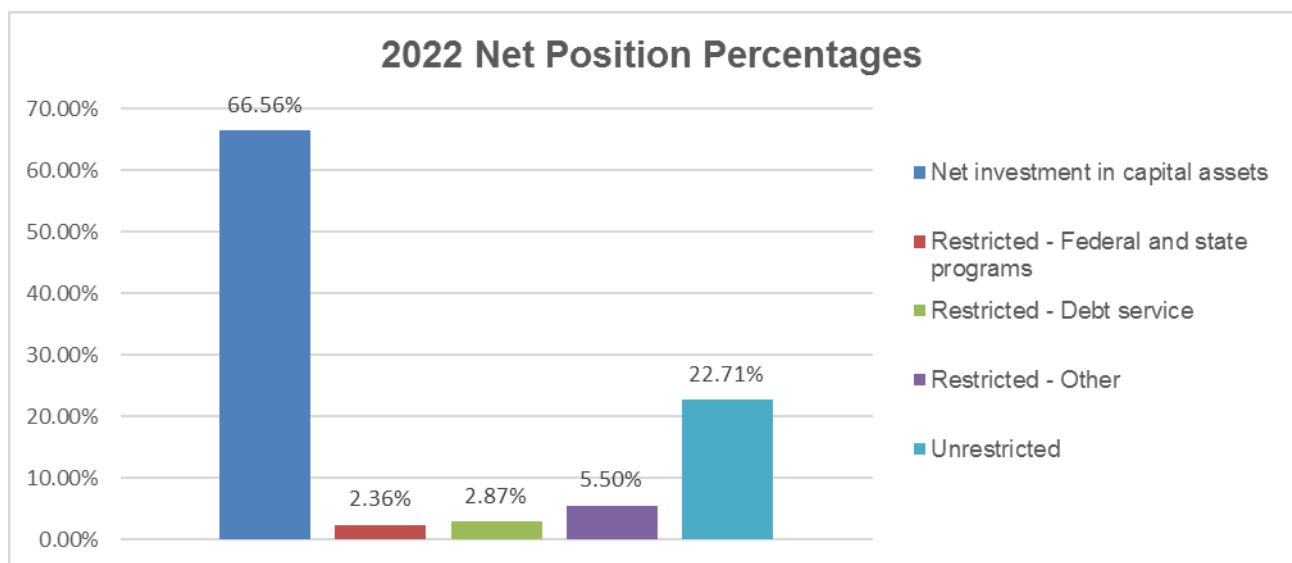
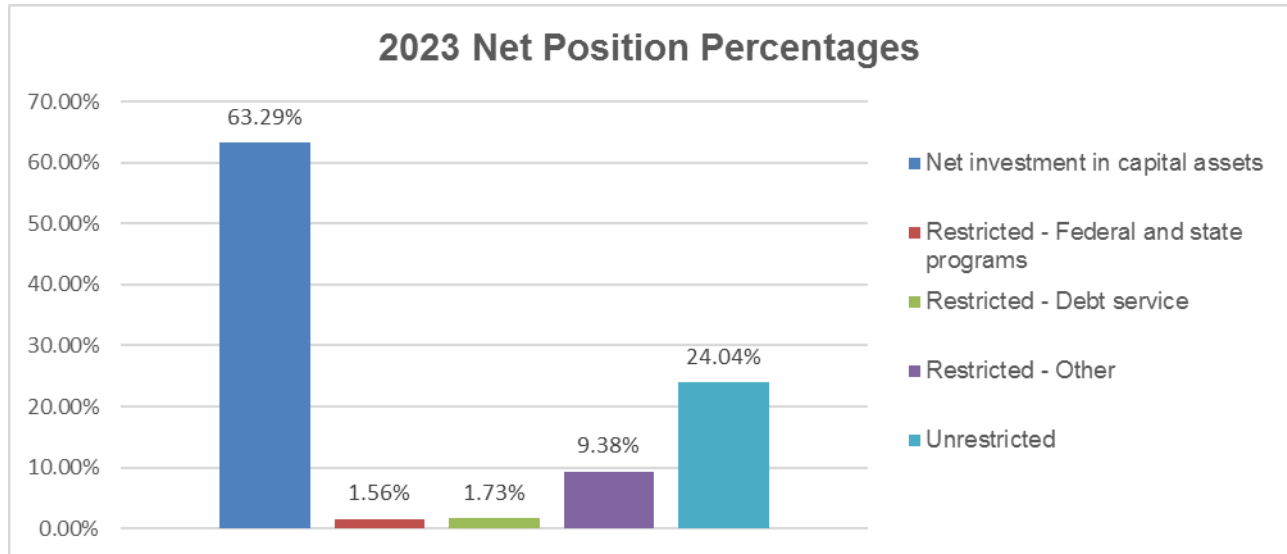
The District's Net Position

	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 39,010,783	\$ 34,031,128
Capital assets	<u>75,455,368</u>	<u>77,019,577</u>
Total assets	<u>114,466,151</u>	<u>111,050,705</u>
Total deferred outflows of resources	<u>8,159,293</u>	<u>5,306,613</u>
Liabilities:		
Other liabilities	2,558,901	2,732,204
Long-term liabilities outstanding	<u>57,435,383</u>	<u>60,312,350</u>
Total liabilities	<u>59,994,284</u>	<u>63,044,554</u>
Total deferred inflows of resources	<u>9,892,692</u>	<u>10,021,296</u>
Net Position:		
Net investment in capital assets	33,378,480	28,816,812
Restricted	6,683,069	4,643,514
Unrestricted	<u>12,676,919</u>	<u>9,831,142</u>
Total net position	<u>\$ 52,738,468</u>	<u>\$ 43,291,468</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023



Investment in capital assets (e.g., land, buildings and improvements, furniture, equipment, and vehicles, and right to use leased assets) less any related debt used to acquire those assets that is still outstanding is \$ 33,378,480. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$ 12,676,919 may be used to meet the District's ongoing obligations.

SWEENEY INDEPENDENT SCHOOL DISTRICT*Management's Discussion and Analysis**For the Year Ended August 31, 2023*

Governmental activities. The District's total net position increased by \$ 9,447,000. The total cost of all *governmental activities* this year was \$ 35,791,195. The amount that our taxpayers paid for these activities through property taxes was \$ 26,396,311 or 73.75% of total costs. The amount of costs that were paid by those who directly benefited from the programs was \$ 511,171. The costs that were paid by other governments and organizations that subsidized certain programs with grants and contributions or by some state equalization funding was \$ 5,540,425 or 15.48% and \$ 3,489,064 or 9.75%, respectively.

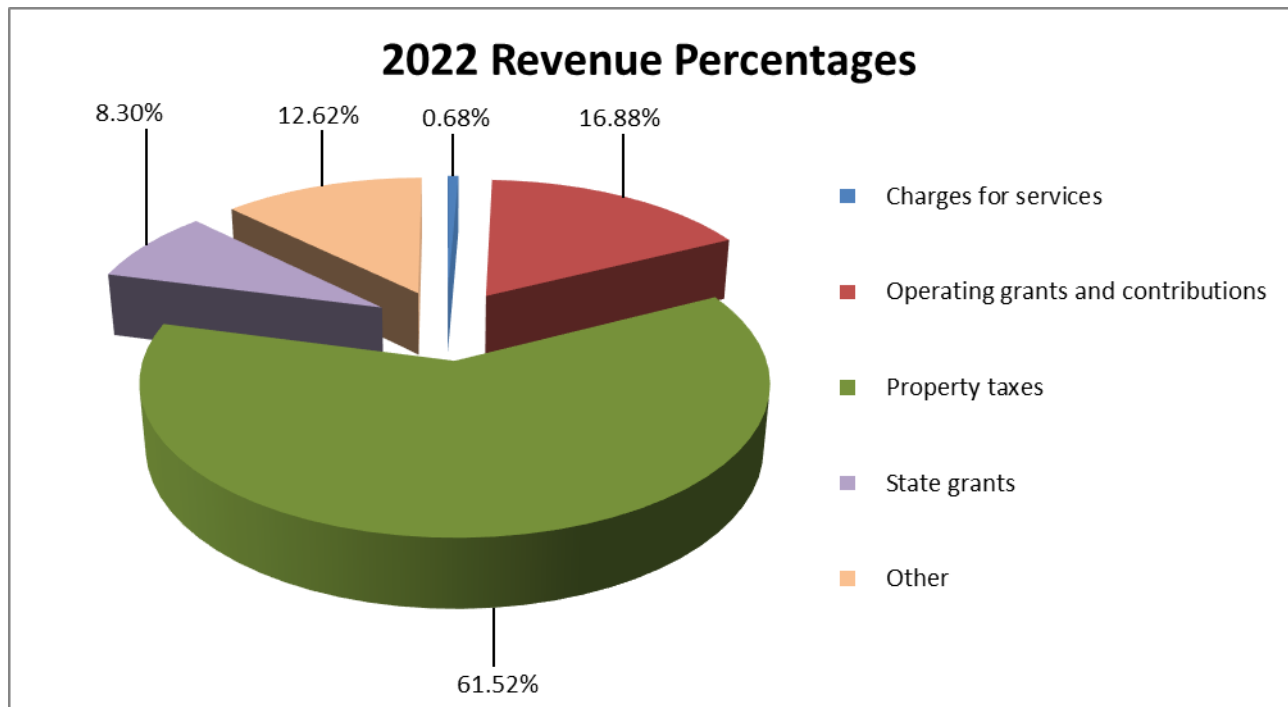
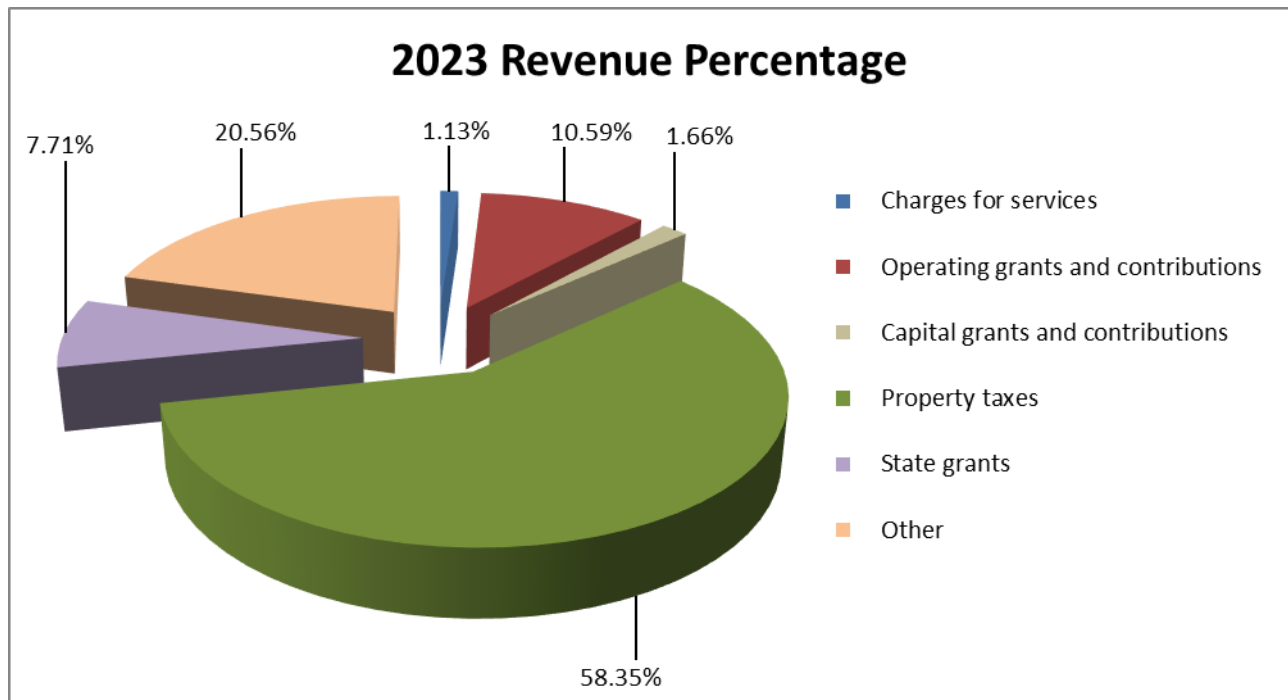
District's Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 511,171	\$ 254,433
Operating grants and contributions	4,789,746	6,348,339
Capital grants and contributions	750,679	-
General revenues:		
Property taxes	26,396,311	23,135,277
State grants	3,489,064	3,119,440
Other	<u>9,301,224</u>	<u>4,744,538</u>
Total revenues	<u>45,238,195</u>	<u>37,602,027</u>
Expenses:		
Instruction	16,163,194	15,158,123
Instructional resources and media services	379,222	410,114
Curriculum and staff development	332,287	382,487
Instructional leadership	473,191	537,520
School leadership	1,348,358	1,380,401
Guidance, counseling & evaluation services	883,853	838,276
Social work services	103,960	85,738
Health services	290,240	279,069
Student transportation	941,935	876,351
Food service	1,464,404	1,230,199
Extracurricular activities	1,786,985	1,752,652
General administration	1,451,595	1,240,282
Facilities maintenance and operations	4,178,822	3,746,106
Security and monitoring services	363,407	324,457
Data processing services	727,922	661,077
Community services	14,162	14,185
Debt service-interest and fees on long-term debt	1,319,742	1,416,109
Contracted instructional services	3,285,565	2,201,014
Other intergovernmental charges	<u>282,351</u>	<u>250,469</u>
Total expenses	<u>35,791,195</u>	<u>32,784,629</u>
Change in net position	9,447,000	4,817,398
Net position - beginning	<u>43,291,468</u>	<u>38,474,070</u>
Net position - ending	<u>\$ 52,738,468</u>	<u>\$ 43,291,468</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

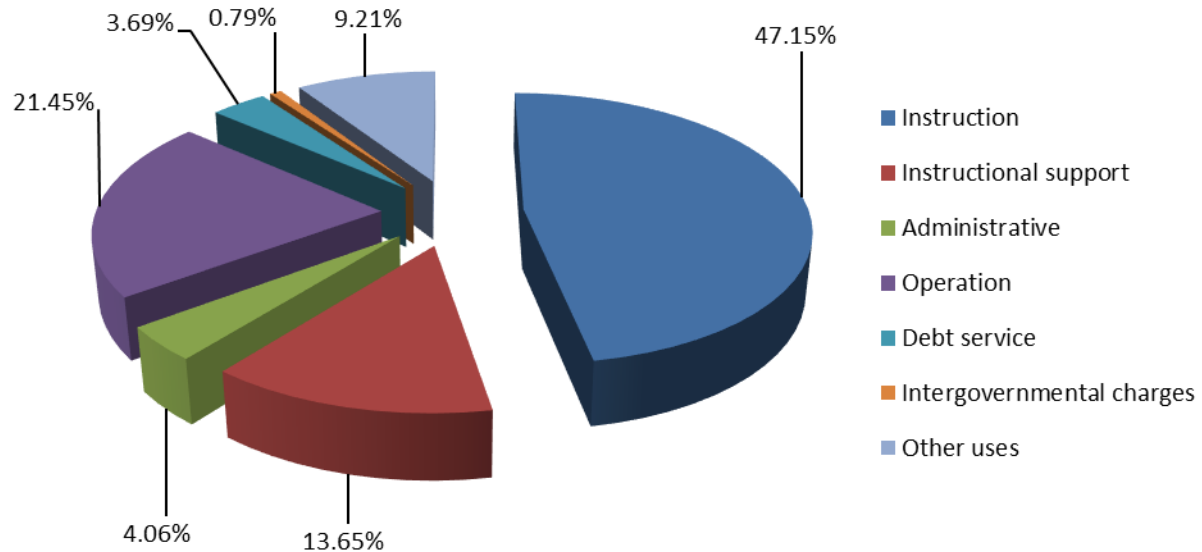


SWEENEY INDEPENDENT SCHOOL DISTRICT

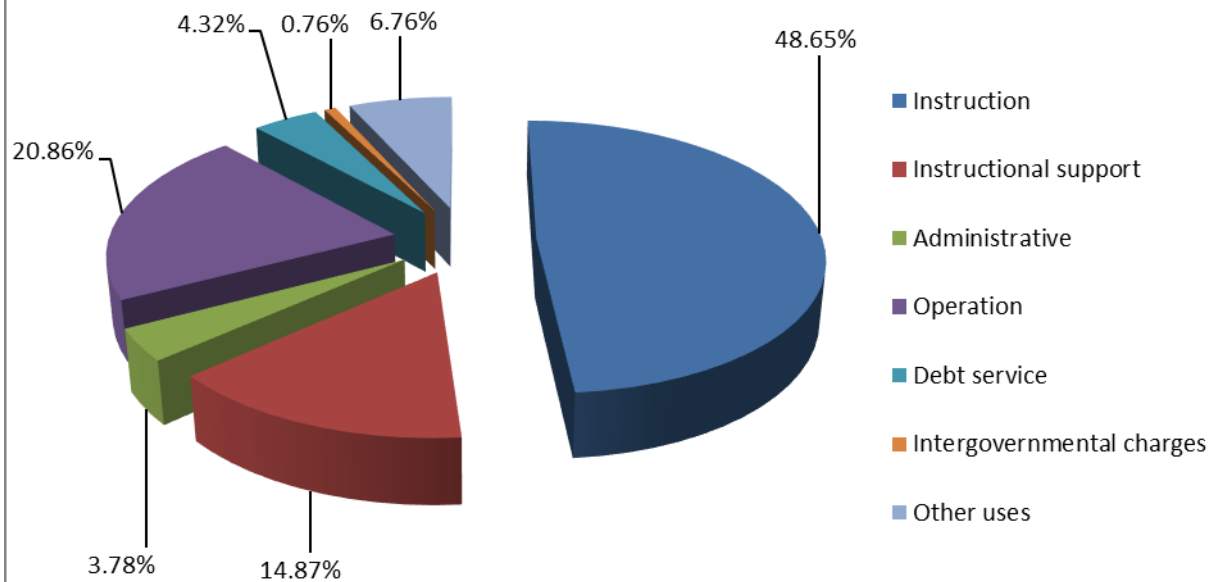
Management's Discussion and Analysis

For the Year Ended August 31, 2023

2023 Expense Percentages by Major Classes



2022 Expense Percentages by Major Classes



SWEENY INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board of Trustees.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 34,653,531, an increase of \$ 5,142,818 comparison with the prior year. Approximately 65.02% of this total amount (\$ 22,532,562) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it has already been classified 1) for inventories \$ 132,951, 2) for prepaid items \$ 404,342, 3) for grant funds \$ 772,299, 4) for capital acquisitions and contractual obligations \$ 2,377,765, 5) for debt service \$ 985,761, 6) for others \$ 4,947,851, 7) for claims and judgments \$ 250,000, 8) for capital expenditures for equipment \$ 350,000, and 9) for other assignment \$ 1,900,000.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 22,577,683, while the total fund balance was \$ 25,519,973. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to the total general fund expenditures. Unassigned fund balance represents 81.07% of the total general fund expenditures, while total fund balance represents 91.63% of that same amount.

The fund balance of the District's general fund increased \$ 5,337,183 or 26.44% during the current fiscal year compared to last year's total general fund balance of \$ 20,182,790. Revenues increased from prior year approximately \$ 6,716,834 or 25.57%. Expenditures increased approximately 16.37% from prior year from \$ 23,932,346 to \$ 27,851,066. Key factors related to this change were as follows:

- Instruction cost increased \$ 1,518,645 from prior year.
- Contracted and instructional services cost increased \$ 1,084,551 from prior year.
- Facilities maintenance and operations increased \$ 612,716 from prior year.

The Sweeny Education Foundation fund has a total fund balance of \$ 4,676,294, all of which is restricted. The net increase in fund balance during the period in the Sweeny Education Foundation fund was \$ 6,334.

The debt service fund has a total fund balance of \$ 985,761 all of which is restricted for the payment of debt service. The net decrease in fund balance during the period in the debt service fund was \$ 227,025. The decrease in fund balance was mainly due to the District paid debt obligations more than property tax collected during the fiscal year.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved revisions to budgeted revenue and appropriations. These amendments fall into the following categories:

- Amendments approved shortly after the beginning of the new fiscal period for amounts reserved and designated in the prior year.
- Amendments to budget for donations received during the period.
- Amendments during the period for unexpected occurrences.
- Amendment to budget for excess revenues received related to Chapter 313 agreements.

Following is a summary of amendments made to appropriations:

- \$ 1,110,932 increase in payroll cost
- \$ 219,124 decrease in professional and contracted services
- \$ 775,261 increase in supplies and materials
- \$ 72,626 increase in other operating expenses
- \$ 92,856 increase in principal and interest on leases
- \$ 2,280,849 increase in capital outlay

After appropriations were amended as described above, actual revenues were more than the final budget by \$ 1,379,230 which was mainly due to the increase of state program revenue. Actual expenditures were \$ 3,271,528 below final budget amounts. The major portion of this positive variance was due to the decreases in expenditures in instruction, guidance, counseling, and evaluation services, and constructed instructional services between public schools.

Capital Asset and Debt Administration

Capital assets. The District's investments in capital assets for its governmental activities as of August 31, 2023 amounts to \$ 75,455,368 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and improvements, furniture, equipment and vehicles, right of use leased assets, and construction in progress. The total decrease in capital assets for the current fiscal year was 2.03%

District's Capital Assets (net of depreciation/amortization)

	<u>2023</u>	<u>2022</u>
Land	\$ 1,377,896	\$ 1,377,896
Buildings and improvements	68,539,662	70,784,564
Furniture, equipment and vehicles	5,282,833	4,709,138
Right to use leased assets	254,977	127,786
Construction in progress	<u>-</u>	<u>20,193</u>
Total at historical cost	\$ <u>75,455,368</u>	\$ <u>77,019,577</u>

Major capital assets events during the current fiscal year included the following:

- The purchase of smart boards at a total cost of \$ 800,000
- The purchase of a serving line at the Junior High at a cost of \$ 176,670
- The purchase of additional technology upgrades in the amount of \$ 499,835

Additional information on the District's capital assets can be found in Note 5 on page 58 through 59 of this report .

SWEENEY INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

Long-term debt. At August 31, 2023, the District had total long-term debt outstanding of \$ 57,435,383, a decrease of \$ 2,876,967 from the previous year, primarily due to the payment of outstanding debt and the change in pension and OPEB liability. Long-term debt is made up of the following:

	2023	2022
General obligation bonds	\$ 40,930,000	\$ 46,815,000
Tax notes	925,000	1,060,000
Lease payable	258,042	129,687
Net pension liability	8,115,793	2,933,786
Net OPEB liability	4,723,466	6,675,393
Premium on general obligation bonds	<u>2,483,082</u>	<u>2,698,484</u>
Total long-term debt	<u>\$ 57,435,383</u>	<u>\$ 60,312,350</u>

Moody's Aaa rating on the District's bonded indebtedness is provided by a guarantee of the Texas Permanent School Fund for timely payment of principal and interest in the event the District is unable to meet debt service requirements. Moody's Aaa underlying rating is representative of the District's sizable but highly concentrated tax base, low debt levels, and modest financial reserves. Additional information on the District's long-term debt can be found in Note 6 on pages 59 through 62 of this report.

Economic Factors and Next Year's Budgets and Rates

- Appraised values used for the 2023-24 budget increase \$ 50,801,154 or 2.6% from 2022-23 values.
- The District's 2022-23 refined averaged daily attendance is expected to be 1,764.
- The District's attendance rate is estimated to be 95%.
- The total Maintenance and Operations revenue budget is \$ 25,142,575. The revenue breakdown is \$ 21,661,114 from local funds, \$ 3,141,461 from state funds, and \$ 385,000 from federal funds.
- The District has adopted a balanced budget for 2023-2024. The District has appropriated General Fund revenues of \$ 25,142,575 and expenditures of \$ 25,142,575, which include recapture expenditures of \$ 829,781.
- The 2023 tax rate of set at \$ 0.8731 (\$ 0.7214 Maintenance and Operations and \$ 0.1517 for Interest and Sinking).
- For 2023-2024, the District has budgeted 3% across the board pay increase on actual salaries in the amount of \$ 572,414.
- Excluding recapture, the 2023-24 employee salaries and benefits amount to 76.53% of the General Fund budget.
- The District funds \$ 300 per employee per month for health insurance, \$ 0.85 for employee assistance program, \$ 34.88 for dental insurance, \$ 1.50 for \$ 20,000 life insurance, and \$ 8.67 for accident insurance and \$ 6.04 for vision for those who decline health.

SWEENY INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023

Requests for Information

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 the Chief Financial Officer, Sweeny Independent School District, 1310 North Elm, Sweeny, Texas, 77480.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

*Statement of Net Position**August 31, 2023*

Data Control Codes		Governmental Activities
	ASSETS:	
1110	Cash and cash equivalents	\$ 29,867,527
1120	Current investments	4,619,234
1220	Property taxes receivables (delinquent)	642,092
1230	Allowance for uncollectible taxes (credit)	(368,300)
1240	Due from other governments	1,939,384
1250	Accrued interest	28,614
1290	Other receivables (net)	1,744,939
1300	Inventories	132,951
1410	Prepaid items	404,342
	Capital Assets:	
1510	Land	1,377,896
1520	Buildings and improvements, net	68,539,662
1530	Furniture, equipment and vehicles, net	5,282,833
1559	Right to use leased assets, net	<u>254,977</u>
1000	Total assets	<u>114,466,151</u>
	DEFERRED OUTFLOWS OF RESOURCES:	
1700	Deferred outflows of resources	<u>8,159,293</u>
	Total deferred outflows of resources	<u>8,159,293</u>
	LIABILITIES:	
2110	Accounts payable	812,849
2140	Interest payable	109,762
2150	Payroll deductions and withholding payable	163,655
2160	Accrued wages payable	1,189,529
2180	Due to other governments	136,280
2300	Unearned revenue	146,826
	Noncurrent Liabilities:	
2501	Due within one year	3,662,516
	Due in more than one year:	
2502	Bonds payable and others	40,933,608
2540	Net pension liability	8,115,793
2545	Net OPEB liability	<u>4,723,466</u>
2000	Total liabilities	<u>59,994,284</u>
	DEFERRED INFLOWS OF RESOURCES	
2600	Deferred inflows of resources	<u>9,892,692</u>
	Total deferred inflows of resources	<u>9,892,692</u>
	NET POSITION:	
3200	Net investment in capital assets	33,378,480
	Restricted For:	
3820	Federal and state programs	822,351
3850	Debt service	913,037
3890	Other	4,947,681
3900	Unrestricted	<u>12,676,919</u>
3000	Total net position	<u>\$ 52,738,468</u>

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

SWEENEY INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

Statement of Activities

For the Year Ended August 31, 2023

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	5 Capital Grants and Contributions	
	GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 16,163,194	\$ -	\$ 2,758,047	\$ 595,709	\$(12,809,438)
12	Instructional resources and media services	379,222	-	25,270	-	(353,952)
13	Curriculum and staff development	332,287	-	112,568	-	(219,719)
21	Instructional leadership	473,191	-	69,811	-	(403,380)
23	School leadership	1,348,358	-	94,042	-	(1,254,316)
31	Guidance, counseling, and evaluation services	883,853	-	229,201	-	(654,652)
32	Social work services	103,960	-	96,059	-	(7,901)
33	Health services	290,240	-	14,216	-	(276,024)
34	Student transportation	941,935	-	36,752	-	(905,183)
35	Food services	1,464,404	432,640	990,965	129,536	88,737
36	Extracurricular activities	1,786,985	78,531	25,486	-	(1,682,968)
41	General administration	1,451,595	-	163,082	-	(1,288,513)
51	Facilities maintenance and operations	4,178,822	-	104,051	-	(4,074,771)
52	Security and monitoring services	363,407	-	17,448	25,434	(320,525)
53	Data processing services	727,922	-	52,748	-	(675,174)
61	Community services	14,162	-	-	-	(14,162)
72	Debt service - interest on long-term debt	1,306,062	-	-	-	(1,306,062)
73	Debt service - bond issuance costs and fees	13,680	-	-	-	(13,680)
91	Contracted instructional services	3,285,565	-	-	-	(3,285,565)
99	Other intergovernmental charges	282,351	-	-	-	(282,351)
TG	Total governmental activities	\$ 35,791,195	\$ 511,171	\$ 4,789,746	\$ 750,679	\$(29,739,599)
	General Revenues:					
	Taxes:					
MT	Property taxes, levied for general purposes					\$ 19,581,902
DT	Property taxes, levied for debt service					6,814,409
SF	State aid-formula grants					3,489,064
GC	Grants and contributions not restricted to specific programs					1,040,980
IE	Investment earnings					1,633,863
MI	Miscellaneous					6,626,381
TG	Total general revenues					39,186,599
CN	Change in net position					9,447,000
NB	Net position - beginning					43,291,468
NE	Net position - ending					\$ 52,738,468

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

SWEENEY INDEPENDENT SCHOOL DISTRICT

Balance Sheet - Governmental Funds

August 31, 2023

Exhibit C-1

Data Control Codes		10 General Fund	40 Sweeny Education Foundation	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:						
1110	Cash and cash equivalents	\$ 23,238,337	\$ 164,022	\$ 3,011,351	\$ 3,453,817	\$ 29,867,527
1120	Current investments	-	4,619,234	-	-	4,619,234
1220	Property taxes receivable (delinquent)	550,550	-	91,542	-	642,092
1230	Allowance for uncollectible taxes (credit)	(317,379)	-	(50,921)	-	(368,300)
1240	Receivables from other governments	400,001	-	373	1,539,010	1,939,384
1250	Accrued interest receivable	-	28,614	-	-	28,614
1260	Due from other funds	3,430,571	-	-	242,998	3,673,569
1290	Other receivables	1,742,014	-	-	2,925	1,744,939
1300	Inventories	82,899	-	-	50,052	132,951
1410	Prepaid items	359,391	-	-	44,951	404,342
1000	Total assets	<u>\$ 29,486,384</u>	<u>\$ 4,811,870</u>	<u>\$ 3,052,345</u>	<u>\$ 5,333,753</u>	<u>\$ 42,684,352</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
2110	Accounts payable	\$ 611,959	\$ -	\$ -	\$ 200,890	\$ 812,849
2150	Payroll deductions and withholdings	163,655	-	-	-	163,655
2160	Accrued wages payable	1,107,051	-	-	82,478	1,189,529
2170	Due to other funds	107,422	135,576	2,016,794	1,413,777	3,673,569
2180	Due to other governments	105,249	-	-	31,031	136,280
2300	Unearned revenue	-	-	12,752	134,074	146,826
2000	Total liabilities	<u>2,095,336</u>	<u>135,576</u>	<u>2,029,546</u>	<u>1,862,250</u>	<u>6,122,708</u>
Deferred Inflows of Resources:						
2600	Deferred inflows of resources	<u>1,871,075</u>	<u>-</u>	<u>37,038</u>	<u>-</u>	<u>1,908,113</u>
	Total deferred inflows of resources	<u>1,871,075</u>	<u>-</u>	<u>37,038</u>	<u>-</u>	<u>1,908,113</u>
Fund Balances:						
Nonspendable:						
3410	Inventories	82,899	-	-	50,052	132,951
3430	Prepaid items	359,391	-	-	44,951	404,342
Restricted:						
3450	Grant funds	-	-	-	772,299	772,299
3470	Capital acquisitions and contractual obligations	-	-	-	2,377,765	2,377,765
3480	Debt service	-	-	985,761	-	985,761
3490	Others	-	4,676,294	-	271,557	4,947,851
Committed:						
3520	Claims and judgments	250,000	-	-	-	250,000
3530	Capital expenditures for equipment	350,000	-	-	-	350,000
Assigned:						
3590	Other	1,900,000	-	-	-	1,900,000
3600	Unassigned	<u>22,577,683</u>	<u>-</u>	<u>-</u>	<u>(45,121)</u>	<u>22,532,562</u>
3000	Total fund balances	<u>25,519,973</u>	<u>4,676,294</u>	<u>985,761</u>	<u>3,471,503</u>	<u>34,653,531</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,486,384</u>	<u>\$ 4,811,870</u>	<u>\$ 3,052,345</u>	<u>\$ 5,333,753</u>	<u>\$ 42,684,352</u>

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

SWEENEY INDEPENDENT SCHOOL DISTRICT
*Reconciliation of the Governmental Funds Balance Sheet
to the Governmental Activities Statement of Net Position
August 31, 2023*

Exhibit C-2

Total Fund Balances - Total Governmental Funds (Exhibit C-1) \$ 34,653,531

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation/amortization used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of these assets is \$ 134,360,580 and the accumulated depreciation/amortization is \$ 58,905,212 resulting in a net addition to net position. 75,455,368

Some receivables are not available soon enough to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 249,516

Some liabilities, including bonds payable, notes payable, capital lease payable, premium on the issuance of bonds, and accrued bond interest are not due and payable in the current period and, therefore, are not reported as a liability in the funds. Liabilities at year-end related to such items consist of:

General obligation bonds payable	\$ (40,930,000)	
Tax notes	(925,000)	
Lease payable	(258,042)	
Premium on bonds	(2,483,082)	
Accrued interest payable	(109,762)	(44,705,886)

Deferred loss on refunding 141,471

The government-wide statement includes the District's proportionate share of TRS net pension liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net Pension liability	\$ (8,115,793)	
Deferred Outflows of Resources - TRS Pension	4,618,239	
Deferred Inflows of Resources - TRS Pension	(676,471)	(4,174,025)

The government-wide statement includes the District's proportionate share of TRS net OPEB liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net OPEB liability	\$ (4,723,466)	
Deferred Outflows of Resources - TRS OPEB	3,399,583	
Deferred Inflows of Resources - TRS OPEB	(7,557,624)	(8,881,507)

Total Net Position - Governmental Activities (Exhibit A-1) \$ 52,738,468

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

SWEENEY INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes
In Fund Balances - Governmental Funds
For the Year Ended August 31, 2023

Exhibit C-3

Data Control Codes		10 General Fund	40 Sweeny Education Foundation	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:					
5700	Local and intermediate sources	\$ 27,499,623	\$ 213,697	\$ 7,081,956	\$ 556,343	\$ 35,351,619
5800	State program revenues	4,582,971	-	45,734	165,316	4,794,021
5900	Federal program revenues	900,980	-	-	4,129,978	5,030,958
5020	Total revenues	<u>32,983,574</u>	<u>213,697</u>	<u>7,127,690</u>	<u>4,851,637</u>	<u>45,176,598</u>
	EXPENDITURES:					
	Current:					
0011	Instruction	12,690,315	-	-	2,761,012	15,451,327
0012	Instructional resources and media services	327,629	-	-	10,716	338,345
0013	Curriculum and staff development	220,992	-	-	108,993	329,985
0021	Instructional leadership	396,623	-	-	46,284	442,907
0023	School leadership	1,284,589	-	-	16,089	1,300,678
0031	Guidance, counseling, and evaluation services	677,826	-	-	189,181	867,007
0032	Social work services	8,316	-	-	95,547	103,863
0033	Health services	311,487	-	-	-	311,487
0034	Student transportation	812,887	-	-	1,771	814,658
0035	Food services	3,096	-	-	1,522,084	1,525,180
0036	Extracurricular activities	1,138,342	-	-	11,674	1,150,016
0041	General administration	1,382,085	11,658	-	46,258	1,440,001
0051	Facilities maintenance and operations	3,751,768	-	-	82,975	3,834,743
0052	Security and monitoring services	302,041	-	-	25,434	327,475
0053	Data processing services	722,290	-	-	117,776	840,066
0061	Community services	-	-	-	5,876	5,876
	Debt Services:					
0071	Principal on long-term debt	230,827	-	5,885,000	-	6,115,827
0072	Interest and cost on long-term debt	22,037	-	1,456,035	-	1,478,072
0073	Bond issuance costs and fees	-	-	13,680	-	13,680
	Intergovernmental:					
0091	Contracted instructional services	3,285,565	-	-	-	3,285,565
0099	Other intergovernmental charges	282,351	-	-	-	282,351
6030	Total expenditures	<u>27,851,066</u>	<u>11,658</u>	<u>7,354,715</u>	<u>5,041,670</u>	<u>40,259,109</u>
1100	Excess (deficiency) of revenues over expenditures	<u>5,132,508</u>	<u>202,039</u>	<u>(227,025)</u>	<u>(190,033)</u>	<u>4,917,489</u>
	OTHER FINANCING SOURCES (USES):					
7912	Sale of real and personal property	1,147	-	-	-	1,147
7913	Proceeds from right to use leased assets	224,182	-	-	-	224,182
7915	Transfers in	-	-	-	216,359	216,359
8911	Transfers out	(20,654)	(195,705)	-	-	(216,359)
	Total other financing sources (uses)	<u>204,675</u>	<u>(195,705)</u>	<u>-</u>	<u>216,359</u>	<u>225,329</u>
1200	Net change in fund balances	5,337,183	6,334	(227,025)	26,326	5,142,818
0100	Fund balances - beginning	<u>20,182,790</u>	<u>4,669,960</u>	<u>1,212,786</u>	<u>3,445,177</u>	<u>29,510,713</u>
3000	Fund balances - ending	<u>\$ 25,519,973</u>	<u>\$ 4,676,294</u>	<u>\$ 985,761</u>	<u>\$ 3,471,503</u>	<u>\$ 34,653,531</u>

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

SWEENY INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

*Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended August 31, 2023*

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3) \$ 5,142,818

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 and reported as depreciation/amortization expense.

Capital outlay	\$ 2,046,211	
Depreciation/amortization expense	(3,610,420)	(1,564,209)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect on premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Lease proceeds	\$(224,182)	
Principal bond and note payments	6,020,000	
Principal on lease payments	95,827	
Change in accrued interest payable	11,120	
Amortization of bond premium	215,402	
Amortization of deferred charge on bond refunding	(54,512)	6,063,655

The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net pension liability increased	\$(5,182,007)	
Deferred outflows increased	1,847,756	
Deferred inflows decreased	2,593,175	(741,076)

The net change in net OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net OPEB liability decreased	\$ 1,951,927	
Deferred outflows increased	1,059,436	
Deferred inflows increased	(2,526,001)	485,362

Because some property tax receivables will not be collected for several months after the District's fiscal year ends, they are not considered available revenues and are deferred inflows in the governmental funds.

60,450

Change in Net Position - Governmental Activities (Exhibit B-1) \$ 9,447,000

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

SWEENEY INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

*Statement of Fiduciary Net Position**Fiduciary Funds**August 31, 2023*

	Private Purpose Trust Fund	Custodial Fund
ASSETS:		
Cash and cash equivalents	\$ <u>19,807</u>	\$ <u>192,056</u>
Total assets	<u>19,807</u>	<u>192,056</u>
LIABILITIES:		
Amounts due to student groups and others	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
NET POSITION:		
Restricted for:		
Held in trust for other purposes	19,807	-
Student and other activities	<u>-</u>	<u>192,056</u>
Total net position	\$ <u><u>19,807</u></u>	\$ <u><u>192,056</u></u>

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

SWEENEY INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

*Statement of Changes in Fiduciary Net Position**Fiduciary Funds**For the Year Ended August 31, 2023*

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS		
Additions from student activities	\$ <u> - </u>	\$ <u> 354,894 </u>
Total additions	<u> - </u>	<u> 354,894 </u>
DEDUCTIONS		
Payments for student activities	<u> - </u>	<u> 359,536 </u>
Total deductions	<u> - </u>	<u> 359,536 </u>
Change in net position	-	(4,642)
Net position - beginning	<u> 19,807 </u>	<u> 196,698 </u>
Net position - ending	\$ <u> 19,807 </u>	\$ <u> 192,056 </u>

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

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SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

Note	Page
1. Summary of Significant Accounting Policies	36
2. Deposits and Investments	49
3. Receivables, Uncollectible Accounts, Deferred Outflows and Inflows of Resources and Unearned Revenues	55
4. Interfund Receivables, Payables and Transfers.....	57
5. Capital Assets.....	58
6. Long-Term Debt	59
7. Leases	62
8. Defined Benefit Pension Plans	63
9. Defined Other Post-Employment Benefit Plan	69
10. General Fund Federal Source Revenues.....	74
11. Local and Intermediate Revenues.....	75
12. Risk Management	75
13. Risk Pool Participation.....	75
14. Litigation and Contingencies	77
15. Tax Abatements	77
16. Excess of Expenditures Over Appropriations	79
17. Deficit Fund Balance	79
18. Evaluation of Subsequent Events.....	79

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sweeny 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 that are elected by registered voters of the District.

The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources; and it complies with the requirements of the appropriate version of Texas Education Agency's (the "TEA") *Financial Accountability System Resource Guide* (the "Resource Guide" or "FASRG") and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the most significant accounting policies.

Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Board of Trustees (the "Board") is elected by the public and 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) in its statement No. 61, "The Financial Reporting Entity".

SWEENY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - Continued

- Blended component unit. The Sweeny Independent School District Education Foundation was established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Foundation's board is approved by the Superintendent. The Foundation is a supporting organization to the District. The Foundation is presented as a special revenue fund of the District.

The District receives support from various PTO and booster clubs. None of these organizations meet the criteria specified by GASB to be included in the District's financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* are supported by tax revenues, state foundation funds, grants, and intergovernmental revenues. The District has no *business-type activities* that rely, to a significant extent, on fees and charges for support.

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

Interfund activities between governmental funds appear as due to/due from on the Governmental Funds Balance Sheet and as other resources and other uses on the Governmental Funds Statement of Revenues, Expenditure and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as receivables and payables on the government-wide statement of net position.

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

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

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

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - Continued

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. 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 earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until the 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 fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal and state government, food service, debt service, and capital projects.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation - Continued

The *Sweeny Education Foundation* accounts for contributions that are tax-deductible. The foundation was established as a conduit for tax-deductible donations to the District.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the general fund after all of the related debt obligations have been met. Major revenue sources include local property taxes, and interest earnings. Expenditures include all costs associated with related debt service.

Additionally, the District reports the following fiduciary funds:

The *private-purpose trust fund* is used to account for donations and other specified donor purposes for family crisis. The District uses the fund to pay for medical care needed by disadvantaged students who cannot afford such care.

The *Custodial fund* is used to account for activities of student groups. The Custodial fund accounts for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others and cannot be used by the District in operations.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and Cash Equivalents

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

Investments

Investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The District had no advances between funds.

SWEENY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - Continued

Inventories and Prepaid Items

The consumption method is used to account for inventories (food products, school supplies and athletic equipment) of governmental funds. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Governmental fund inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their market value is recorded as inventory and unearned revenue when received in the governmental funds. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets and Depreciation/Amortization

Capital assets, which include land, buildings and improvements, furniture, equipment and vehicles, and right to use leased assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government 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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. 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. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings and improvements, furniture, equipment and vehicles, and right to use leased assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Furniture, equipment and vehicles	5-20
Right to use leased assets	5

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the District reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

Compensated Absences

Compensated absences are absences for which employees will be paid. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in long-term liabilities on the statement of net position.

Vacations are to be taken within the twelve month period that they are earned. Any unused vacation days will be forfeited with the exception of five carry over days per year. A maximum of twenty total days can be accumulated and paid when an employee retires without prior approval. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, no liability for unused sick leave has been accrued in the accompanying basic financial statements.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - Continued

Compensated Absences - Continued

The following is a summary of changes in the accumulated unused vacation liability:

	<u>2023</u>
Balance, September 1	\$ 162,198
Additions - net unused	63,432
Deductions - payments	<u>(61,871)</u>
Balance, August 31	<u>\$ 163,759</u>

The amounts attributable to the current and non-current portions on the liability resulting from this policy can only be estimated. As such, the entire amount of the liability is accounted for in the general fund and national school breakfast and lunch program fund as a current liability.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing resources. 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.

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - Continued

Other Post-Employment Benefits

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.

Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or 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 and proprietary 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 net position to have been depleted before unrestricted net position is applied.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - Continued

Fund Balance

The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the District's Board of Trustees prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board of Trustees adopts another ordinance to remove or revise the limitation.
- *Assigned* fund balance represents amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees delegates the responsibility to assign fund balances to the Superintendent or his designees.
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As of August 31, 2023, nonspendable fund balances include \$ 82,899 for inventories and \$ 359,391 for prepaid items in the general fund and \$ 50,052 for inventories in national school breakfast and lunch program and \$ 44,951 for prepaid items in the State Instructional Materials Fund. Restricted fund balances include \$ 4,676,294 for Sweeny education foundation fund, \$ 985,761 for debt service fund, \$ 2,377,765 for capital projects fund, and \$ 1,043,856 for special revenue funds. Committed fund balances include \$ 250,000 for claims and judgments and \$ 350,000 for capital expenditures for equipment in the general fund. Assigned fund balance includes \$ 1,900,000 in the general fund for other purposes. Unassigned fund balance includes \$ 22,577,683 in the general fund and \$ 45,121 deficit in special revenue fund.

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.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - Continued

Leases

Lessee: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right to use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$ 5,000 or more.

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

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. 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.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The District is a lessor for a noncancellable lease of communication channels. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance - Continued

Leases - Continued

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the district in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The appraisal and recording of all property within the District is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions.

The assessed value of the property tax roll on August 1, 2022, upon which the levy for the 2022-23 fiscal year was based, was \$ 2,236,729,706. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2023 to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.8646 and \$ 0.1517 per \$ 100 valuation, respectively, for a total of \$ 1.0163 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2023 were 99.10% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 233,171 and \$ 40,621 for the general and debt service funds, respectively.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data

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

The official school budget is prepared for adoption for required governmental funds prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and the national school breakfast and lunch program (special revenue fund). The remaining special revenue funds and the capital projects fund (if utilized) adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The budget was properly amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

The Official Budget was prepared for adoption for the general fund, national school breakfast and lunch program and debt service fund. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within fund groups at the function code level and revenue object code level.

The Budget is formally adopted by the Board of Trustees at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the Texas Education Agency (TEA) through the Public Education Information Management System. Should any change in the approved budget be required, budget amendment requests are presented to the Board of Trustees for consideration. Amendments are made before the fact and once approved are reflected in the official minutes. During the year the budget was properly amended in accordance with the above procedures.

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reporting amounts of assets and deferred outflows of resources, and, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrance Accounting

The District utilizes encumbrance accounting, in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executor contracts), and are used to control expenditures for the period and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

Prior to the end of the current period, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at the current period end, the school district likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the current period. If the school district allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at current period-end are included in restricted, committed or assigned fund balance, as appropriate.

The District canceled all the open purchase orders at the end of fiscal year. Therefore, the District had no outstanding encumbrances as of August 31, 2023.

Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The 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 database for policy development and funding plans.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 91 "Conduit Debt Obligations" was issued in May 2019. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Pronouncements - Continued

GASB No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" was issued in March 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 96 "Subscription-Based Information Technology Arrangements" was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 99 "Omnibus 2022" was issued in April 2022. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 100 "Accounting Changes and Error Corrections - an amendment to GASB Statement No. 62" was issued in June 2022. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB No. 101 "Compensated Absences" was issued in June 2022. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

NOTE 2. DEPOSIT AND INVESTMENTS

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of one year or more.

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 2. DEPOSIT AND INVESTMENTS - Continued**

Cash and cash equivalents, current investments, and non-current investments as reported on the statement of net position at August 31, 2023 are as follows:

	Governmental Funds	Fiduciary Funds	Total
Cash and Cash Equivalents:			
Cash (petty cash accounts)	\$ 5,941	\$ -	\$ 5,941
Financial Institution Deposits:			
Demand deposits	1,908,878	211,863	2,120,741
Texpool	19,079,291	-	19,079,291
Texas CLASS	10,378,671	-	10,378,671
Lonestar	5,133	-	5,133
Total cash and cash equivalents	<u>31,377,914</u>	<u>211,863</u>	<u>31,589,777</u>
Current Investments:			
Mutual fund	463,847	-	463,847
Certificates of deposit	<u>2,645,000</u>	<u>-</u>	<u>2,645,000</u>
Total current investments	<u>3,108,847</u>	<u>-</u>	<u>3,108,847</u>
Totals	<u>\$ 34,486,761</u>	<u>\$ 211,863</u>	<u>\$ 34,698,624</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. The District requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

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

At August 31, 2023, in addition to petty cash of \$ 5,941, the carrying amount of the District's cash, savings, and time deposits was \$ 4,765,741 and the financial institutions balances were \$ 5,679,801. Deposit balances of \$ 3,049,297 were covered by federal depository insurance, \$ 1,510,387 was covered by the Securities Investor Protection Corporation Insurance, and \$ 1,120,117 was covered by collateral pledged in the District's name. The collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent. These amounts include those of the Sweeny Education Foundation.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Deposits - Continued

In addition the following is disclosed regarding coverage of combined balances on the date of highest deposit:

Depository:

- a. Name of bank: First State Bank of Louise, Sweeny, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 4,500,000.
- c. Largest cash, savings and time deposit combined account balance amounted to \$ 8,798,054 and occurred on February 23, 2023.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$ 1,510,387.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The District's deposits and investments are invested pursuant to the investment policy, which is approved by the Board of Trustees. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the District will deposit funds is addressed. The District's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes it complied with the requirements of the PFIA and the District's investment policy.

The District's Investment Officer submits an investment report each quarter to the Board of Trustees. The report details the investment positions of the District and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

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

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. A securities lending program as permitted by Government Code 2256.0115;
5. Banker's acceptances as permitted by Government Code 2256.012;
6. Commercial paper as permitted by Government Code 2256.013;
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and
9. Public funds investment pools as permitted by Government Code 2256.016.

The District participates in three Local Government Investment Pools (LGIPs): Texpool, Lonestar and Texas Class. The State Comptroller oversees Texpool with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Advisory boards consisting of participants or their designees, maintains oversight responsibility for Texas Class and Lonestar.

The District invests in Texpool, Lonestar and Texas Class to provide its liquidity needs. Texpool, Lonestar and Texas Class are local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texpool, Lonestar and Texas Class are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Texpool, Lonestar and Texas Class are rated AAA and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At August 31, 2023, Texpool, Lonestar and Texas Class had a weighted average maturity of 24 days, 32 days and 40 days, respectively. Although Texpool, Lonestar and Texas Class portfolios had a weighted average maturity of 24 days, 32 days and 40 days, respectively, the District considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value. The District's investments in LGIPs are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial risk.

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 2. DEPOSITS AND INVESTMENTS - Continued****Investments** - Continued

The following table includes the portfolio balances of all investment types of the District at August 31, 2023.

	<u>Coupon Rate (%)</u>	<u>Weighted Average Maturity (Days)</u>	<u>Fair Value</u>
Local Government Investment Pools:			
Texpool	Varies daily	24	\$ 19,079,291
Texas Class	Varies daily	40	10,378,671
Lonestar	Varies daily	32	<u>5,133</u>
Total local government investment pools		30	<u>29,463,095</u>
Certificates of Deposit:			
Certificate of deposit	2.70%	256	245,000
Certificate of deposit	2.85%	256	245,000
Certificate of deposit	4.95%	148	235,000
Certificate of deposit	2.25%	81	245,000
Certificate of deposit	2.60%	267	245,000
Certificate of deposit	2.90%	263	245,000
Certificate of deposit	5.00%	148	235,000
Certificate of deposit	2.15%	74	245,000
Certificate of deposit	5.00%	238	235,000
Certificate of deposit	4.95%	147	235,000
Certificate of deposit	4.95%	53	<u>235,000</u>
Total Certificates of Deposit		176	<u>2,645,000</u>
Mutual Fund	N/A	1	<u>463,847</u>
Total		41	<u>\$ 32,571,942</u>

The value of District portions in TexPool, Texas CLASS, and Lone Star are the same as the value of the Shares. The external pooled funds use amortized cost rather than fair value in their computation of share price, such funds have daily liquidity.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. As of August 31, 2023, the LGIPs (which represent approximately 90.46% of the portfolio) are rated AAAm by Standard and Poor's or AAA by Finch. The LGIPs do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amount. These pools do not impose any liquidity fees or redemption gates. Certificates of deposit (which represent approximately 8.12% of the portfolio) are fully insured by the Securities Investor Protection Corporation Insurance and by federal depository insurance through CDARS programs. The mutual fund (which represents approximately 1.42% of the portfolio) is not rated.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 2. DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days; the maximum allowable stated maturity of any other individual investment owned by the District shall not exceed two years from the time of purchase; the Board may specifically authorize a longer maturity for a given investment, within legal limits, the District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements

At August 31, 2023, 98.58% of the investment portfolio was invested in AAAm or AAA rated LGIPs (2(a)7 like pools) and certificates of deposit. 1.42% of the investment portfolio was invested in mutual funds. The dollar weighted average maturity for all investments was 41 days.

Fair Value - The District measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of August 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ _____ -	\$ <u>463,847</u>	\$ _____ -	\$ <u>463,847</u>
Total assets at fair value	\$ _____ -	\$ <u>463,847</u>	\$ _____ -	\$ <u>463,847</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES****Receivables and Allowances**

Receivables as of August 31, 2023, for the government's individual major funds and other governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Sweeny Education Foundation	Debt Service Fund	Other Governmental Funds	Total
Receivables:					
Property taxes	\$ 550,550	\$ -	\$ 91,542	\$ -	\$ 642,092
Receivables from other governments	400,001	-	373	1,539,010	1,939,384
Interest	-	28,614	-	-	28,614
Lease	1,741,597	-	-	-	1,741,597
Other	<u>417</u>	<u>-</u>	<u>-</u>	<u>2,925</u>	<u>3,342</u>
Gross receivables	2,692,565	28,614	91,915	1,541,935	4,355,029
Less: allowance for uncollectibles	<u>317,379</u>	<u>-</u>	<u>50,921</u>	<u>-</u>	<u>368,300</u>
Net total receivables	<u>\$ 2,375,186</u>	<u>\$ 28,614</u>	<u>\$ 40,994</u>	<u>\$ 1,541,935</u>	<u>\$3,986,729</u>

Receivables/Payables from/to Other Governments

The District participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. All federal grants shown below are passed through the TEA or other state agency and are reported on the combined financial statements as either Receivable from or to Other Governments, as applicable.

Amounts due from federal, state, and local governments as of August 31, 2023 are summarized below:

Fund	State Entitlements	Federal Grants	State Grants and Other	Total
Major Governmental Funds:				
General Fund	\$ 397,859	\$ -	\$ 2,142	\$ 400,001
Debt Service Fund	-	-	373	373
Other Governmental Funds	<u>-</u>	<u>1,506,534</u>	<u>32,476</u>	<u>1,539,010</u>
Totals	<u>\$ 397,859</u>	<u>\$ 1,506,534</u>	<u>\$ 34,991</u>	<u>\$ 1,939,384</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued****Deferred Outflows and Inflows of Resources/Unearned Revenue****Governmental Funds**

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of August 31, 2023 the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable (general fund)	\$ 212,478	\$ -
Delinquent property taxes receivable (debt service fund)	37,038	-
Lease as lessor	1,658,587	-
Federal food commodities	-	29,015
State entitlements	-	12,752
Advance funding - state and local grants	<u>-</u>	<u>105,059</u>
Totals	<u>\$ 1,908,113</u>	<u>\$ 146,826</u>

Governmental Activities

Governmental activities defer the recognition of pension and OPEB expenses for contributions made from the measurement date (August 31, 2022) to the current year-end of August 31, 2023 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued****Deferred Outflows and Inflows of Resources/Unearned Revenue - Continued****Governmental Activities - Continued**

As of August 31, 2023, the various components of deferred inflows and outflows of resources and unearned revenue reported in the governmental activities were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Pension deferred inflows and outflows of resources net of amortization	\$ 4,197,560	\$ 676,471	\$ -
Pension contributions subsequent to the measurement date	420,679	-	-
OPEB deferred inflows and outflows of resources net of amortization	3,254,884	7,557,624	-
OPEB contributions subsequent to the measurement date	144,699	-	-
Bond refunding cost	141,471	-	-
Lease as lessor	-	1,658,597	-
Federal food commodities	-	-	29,015
State Entitlements	-	-	12,752
Advance funding - state and local grants	<u>-</u>	<u>-</u>	<u>105,059</u>
Totals	<u>\$ 8,159,293</u>	<u>\$ 9,892,692</u>	<u>\$ 146,826</u>

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**Interfund Receivables and Payables**

Interfund balances at August 31, 2023 consisted of the following individual fund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>08-31-23</u>
General Fund	Debt Service Fund	\$ 2,016,794
General Fund	Other Governmental Funds	1,413,777
Other Governmental Funds	General Fund	107,422
Other Governmental Funds	Sweeny Education Foundation Fund	<u>135,576</u>
		<u>\$ 3,673,569</u>

The District uses the General Fund cash account for accounts payable and payroll, creating interfund balances. The interfund balances are cleared monthly. Most of the amounts represent short-term borrowings between funds for payroll and operating expense payments made from the General Fund cash accounts.

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued****Interfund Transfers**

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 20,654
Sweeny Education Foundation	Other Governmental Funds	<u>195,705</u>
		<u>\$ 216,359</u>

Transfers are used to transfer funds from general fund and Sweeny Education Foundation fund to other governmental funds to cover related program expenditures.

NOTE 5. CAPITAL ASSETS**Changes in Capital Assets and Accumulated Depreciation/Amortization**

The following provides a summary of changes in capital assets and accumulated depreciation/amortization for the year ended August 31, 2023:

	<u>Balance September 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance August 31, 2023</u>
Capital Assets Not Being Depreciated/ Amortized:					
Land	\$ 1,377,896	\$ -	\$ -	\$ -	\$ 1,377,896
Construction in progress	<u>20,193</u>	<u>-</u>	<u>-</u>	<u>(20,193)</u>	<u>-</u>
Total capital assets not being depreciated/amortized	<u>1,398,089</u>	<u>-</u>	<u>-</u>	<u>(20,193)</u>	<u>1,377,896</u>
Capital Assets Being Depreciated/Amortized:					
Buildings and improvements	120,217,035	313,767	-	-	120,530,802
Furniture, equipment and vehicles	10,590,177	1,508,262	-	20,193	12,118,632
Right of use leased assets	<u>222,224</u>	<u>224,182</u>	<u>113,156</u>	<u>-</u>	<u>333,250</u>
Total capital assets being depreciated/amortized	<u>131,029,436</u>	<u>2,046,211</u>	<u>113,156</u>	<u>20,193</u>	<u>132,982,684</u>
Less Accumulated Depreciation/Amortization:					
Buildings and improvements	49,432,471	2,558,669	-	-	51,991,140
Furniture, equipment and vehicles	5,881,039	954,760	-	-	6,835,799
Right to use leased assets	<u>94,438</u>	<u>96,991</u>	<u>113,156</u>	<u>-</u>	<u>78,273</u>
Total accumulated depreciation/ amortization	<u>55,407,948</u>	<u>3,610,420</u>	<u>113,156</u>	<u>-</u>	<u>58,905,212</u>
Net capital assets	<u>\$ 77,019,577</u>	<u>\$ (1,564,209)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,455,368</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 5. CAPITAL ASSETS - Continued****Depreciation/Amortization Expense**

<u>Data Control Codes</u>	<u>Function</u>	<u>Amount</u>
0011	Instruction	\$ 1,993,391
0012	Instructional resources and media services	42,063
0021	Instructional leadership	25,579
0023	School leadership	35,670
0031	Guidance, counseling, and evaluation services	12,987
0033	Health services	24,243
0034	Student transportation	118,822
0035	Food service	112,924
0036	Extracurricular activities	668,540
0041	General administration	23,513
0051	Facilities maintenance and operations	464,358
0052	Security and monitoring services	57,377
0053	Data processing services	22,667
0061	Community services	<u>8,286</u>
	Total depreciation/amortization expense	<u>\$ 3,610,420</u>

Governmental Fund Construction Commitments

At August 31, 2023, the District had no construction commitments:

NOTE 6. LONG-TERM DEBT**General Obligation Bonds**

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, contractual obligations and loans. Contractual obligations are issued at parity with general obligation bonds, but carry a secondary revenue stream pledge; however, all certificates of obligation are tax, not revenue, supported. This debt, unlike other tax-supported debt, can be issued without a vote of the citizens. Bond premiums and discounts, and gain and losses on refunding are amortized using the straight-line method.

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 6. LONG-TERM DEBT - Continued****General Obligation Bonds - Continued**

The following is a summary of the District's general obligation bonded debt as of August 31, 2023:

<u>Series Description</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>% Rates</u>	<u>Outstanding Balance 08-31-23</u>
Unlimited Tax Refunding Bonds 2012	\$ 9,205,870	2026	1.500-2.500	\$ 2,190,000
Unlimited Tax School Building Bonds 2014	9,685,000	2034	1.750-3.750	3,535,000
Unlimited Tax School Building Bonds 2015	9,500,000	2035	3.000-3.125	7,085,000
Unlimited Tax School Building Bonds 2016	8,430,000	2035	3.000	1,655,000
Unlimited Tax Refunding Bonds 2017	4,410,000	2027	4.000	2,505,000
Unlimited Tax School Building Bonds 2019	16,775,000	2044	2.500-5.000	15,720,000
Unlimited Tax School Building Bonds 2020	<u>8,710,000</u>	2045	2.000-4.000	<u>8,240,000</u>
Total	<u>\$ 66,715,870</u>			<u>\$ 40,930,000</u>

Presented below is a summary of general obligation bond requirements to maturity:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ 3,240,000	\$ 1,296,475	\$ 4,536,475
2025	2,910,000	1,210,200	4,120,200
2026	2,705,000	1,125,938	3,830,938
2027	2,675,000	1,032,975	3,707,975
2028	2,285,000	934,575	3,219,575
2029-2033	8,990,000	3,573,112	12,563,112
2034-2038	8,210,000	2,166,513	10,376,513
2039-2043	7,865,000	973,412	8,838,412
2044-2045	<u>2,050,000</u>	<u>73,000</u>	<u>2,123,000</u>
Totals	<u>\$ 40,930,000</u>	<u>\$ 12,386,200</u>	<u>\$ 53,316,200</u>

Bond indebtedness of the District is recorded in the governmental activities statement of net position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 6. LONG-TERM DEBT - Continued****General Obligation Bonds - Continued**

The District has entered into continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of Sweeny Independent School District.

There are limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2023.

Tax Notes

During the year ended August 31, 2016, the District issued \$ 2,000,000 in Maintenance Tax Notes - Tax Credit Qualified Energy Conservation Bonds (QECB) - Series 2015, bearing interest at 4.620% with a maturity date of 2030. These notes are available through the U.S. Department of Energy Green Community Program. The Notes contain a tax credit that is available to the purchaser of the bonds.

The following is a summary of the District's tax notes as of August 31, 2023:

<u>Date of Issue</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>% Rates</u>	<u>Outstanding Balance 08-31-23</u>
2015 QECB	\$ 2,000,000	2030	4.620	\$ 925,000

Presented below is a summary of tax notes requirements to maturity:

<u>Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirement</u>
2024	\$ 135,000	\$ 12,821	\$ 147,821
2025	135,000	10,950	145,950
2026	135,000	9,078	144,078
2027	130,000	7,207	137,207
2028	130,000	5,405	135,405
2029-2030	<u>260,000</u>	<u>5,405</u>	<u>265,405</u>
Totals	<u>\$ 925,000</u>	<u>\$ 50,866</u>	<u>\$ 975,866</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 6. LONG-TERM DEBT - Continued****Notes Payable**

Long-term liability activity for the governmental activities for the year ended August 31, 2023, was as follows:

	Balance 09-01-22	Additions	Deletions	Balance 08-31-23	Current Portion
General obligation bonds	\$ 46,815,000	\$ -	\$ 5,885,000	\$ 40,930,000	\$ 3,240,000
Tax notes	1,060,000	-	135,000	925,000	135,000
Lease liability	129,687	224,182	95,827	258,042	72,114
Net pension liability	2,933,786	8,465,716	3,283,709	8,115,793	-
Net OPEB liability	6,675,393	1,568,865	3,520,792	4,723,466	-
Premium on bonds	2,698,484	-	215,402	2,483,082	215,402
Totals	<u>\$ 60,312,350</u>	<u>\$ 10,258,763</u>	<u>\$ 13,135,730</u>	<u>\$ 57,435,383</u>	<u>\$ 3,662,516</u>

NOTE 7. LEASE**Lease receivable**

In September, 2020, the District entered a lease agreement with a local company to use the communication channels. The initial lease term is fifteen years. Upon the end of the initial term the agreement will renew for three successive five year renewal terms. The District is receiving yearly payments through 2050 with an annual escalation rate of 2% and the first payment received was \$ 70,775. The District recognized \$ 61,430 in lease revenue and \$ 52,700 in interest revenue during the current fiscal year related to this lease. As of August 31, 2023, the District's receivable for lease payments was \$ 1,741,597. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of August 31, 2023, the balance of the deferred inflow of resources was \$ 1,658,597. The future lease receivable as of August 31, 2023 was as follows:

Year Ended August 31	Principal	Interest	Total Requirement
2024	\$ 23,033	\$ 52,074	\$ 75,107
2025	25,224	51,385	76,609
2026	27,510	50,631	78,141
2027	29,896	49,808	79,704
2028	32,384	48,914	81,298
2029-2033	203,098	228,446	431,544
2034-2038	282,963	193,500	476,463
2039-2043	380,452	145,597	526,049
2044-2048	498,897	81,909	580,806
2049-2050	<u>238,140</u>	<u>10,770</u>	<u>248,910</u>
Totals	<u>\$ 1,741,597</u>	<u>\$ 913,034</u>	<u>\$ 2,654,631</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 7. LEASES - Continued

Lease payable

The District has entered into agreements to lease equipment which have been accounted for in accordance with GASB 87. The District is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied in the lease which ranges from 2.99% to 11.75%.

The future principal and interest lease payments as of August 31, 2023, were as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 72,114	\$ 24,494	\$ 96,608
2025	41,999	19,448	61,447
2026	46,220	14,417	60,637
2027	50,693	8,809	59,502
2028	<u>47,016</u>	<u>2,569</u>	<u>49,585</u>
Totals	<u>\$ 258,042</u>	<u>\$ 69,737</u>	<u>\$ 327,779</u>

NOTE 8. DEFINED BENEFIT PENSION PLANS

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

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/Pages/aboutpublication.aspx> ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 8. DEFINED BENEFIT PENSION PLANS - Continued

Benefits Provided

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

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

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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

	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Employer # 1202 - 2023 Employer Contributions	\$	420,679
Employer # 1202 - 2023 Member Contributions	\$	1,293,737
Employer # 1202 - 2023 NECE On-behalf Contributions	\$	872,941
Employer # 1202 - 2023 Medicare Part D Contributions	\$	86,504

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 8. DEFINED BENEFIT PENSION PLANS - Continued

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 is a surcharge an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning fiscal year 2022, 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.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 8. DEFINED BENEFIT PENSION PLANS - Continued

Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Benefit changes during the year	None
Ad-hoc post-employment benefit changes	None

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

Discount Rate

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

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

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

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 8. DEFINED BENEFIT PENSION PLANS - Continued

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
USA	18%	4.60%	1.12%
Non-U.S. Developed	13%	4.90%	0.90%
Emerging Markets	9%	5.40%	0.75%
Private Equity*	14%	7.70%	1.55%
Stable Value:			
Government Bonds	16%	1.00%	0.22%
Absolute Return*	0%	3.70%	0.00%
Stable Value Hedge Funds	5%	3.40%	0.18%
Real Return:			
Real Estate	15%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6%	5.10%	0.37%
Commodities	0%	3.60%	0.00%
Risk Parity:			
Risk Parity	8%	4.60%	0.43%
Leverage:			
Cash	2%	3.00%	0.01%
Asset Allocation Leverage	-6%	3.60%	-0.05%
Inflation Expectation	-		2.70%
Volatility Drag****	-		-0.91%
Total	<u>100%</u>		<u>8.21%</u>

* Absolute Return includes Credit Sensitive Investments.

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

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

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the Net pension liability	\$ <u>12,625,097</u>	\$ <u>8,115,793</u>	\$ <u>4,460,791</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 8. DEFINED BENEFIT PENSION PLANS - Continued

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

At August 31, 2023, the District reported a liability of \$ 8,115,793 for its proportionate share of the TRS 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	\$ 8,115,793
State's proportionate share that is associated with the District	<u>10,447,887</u>
Total	<u>\$ 18,563,680</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0136704477% which was an increase of 0.0021502511% from its proportion measured as of August 31, 2021.

Changes since the prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$ 1,414,933 and revenue of \$ 998,700 for support provided by the State.

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 8. DEFINED BENEFIT PENSION PLANS - Continued**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 117,678	\$ 176,940
Changes in actuarial assumptions	1,512,236	376,892
Net difference between projected and actual investment earnings	801,814	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,765,832	122,639
Contributions paid to TRS subsequent to the measurement date	<u>420,679</u>	<u>-</u>
Total	<u>\$ 4,618,239</u>	<u>\$ 676,471</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement Year Ended August 31,</u>	<u>Pension Expense Amount</u>	<u>Balance of Deferred Outflows (Deferred Inflows)</u>
2024	\$ 965,810	\$ 2,555,279
2025	702,428	1,852,851
2026	485,088	1,367,763
2027	1,137,477	230,286
2028	230,286	-

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**Plan Description**

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

TRS-Care Monthly 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 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

	<u>Contribution Rates</u>	<u>2022</u>
Active Employee		0.65%
Non-Employer Contributing Entity (State)		1.25%
Employers		0.75%
Federal/private Funding remitted by Employers		1.25%
Employer # 1202 - 2023 Employer Contributions	\$	144,699
Employer # 1202 - 2023 Member Contributions	\$	105,117
Employer # 1202 - 2023 NECE On-behalf Contributions	\$	178,718

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

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

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022.

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

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

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

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

Additional Actuarial Methods and Assumptions:

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

Discount Rate

A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB Liability	\$ <u>5,569,341</u>	\$ <u>4,723,466</u>	\$ <u>4,038,199</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

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

At August 31, 2023, the District reported a liability of \$ 4,723,466 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	\$ 4,723,466
State's proportionate share that is associated with the District	<u>5,761,886</u>
Total	<u>\$ 10,485,352</u>

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

At August 31, 2023, the employer's proportion of the collective Net OPEB Liability was 0.0197271333%, compared to 0.0173052109% as of August 31, 2022.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Single Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
District's proportionate share of the Net OPEB Liability	<u>\$ 3,892,157</u>	<u>\$ 4,723,466</u>	<u>\$ 5,801,151</u>

Changes since the prior Actual Valuation

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

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

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

SWEENEY INDEPENDENT SCHOOL DISTRICT*Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 262,608	\$ 3,935,071
Changes in actuarial assumptions	719,477	3,281,583
Net difference between projected and actual investment earnings	14,070	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,258,729	340,970
Contributions paid to TRS subsequent to the measurement date	<u>144,699</u>	<u>-</u>
Total	<u>\$ 3,399,583</u>	<u>\$ 7,557,624</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Measurement Year Ended August 31,</u>	<u>OPEB Expense Amount</u>	<u>Balance of Deferred Outflows (Deferred Inflows)</u>
2023	\$(847,308)	\$(3,455,432)
2024	(847,261)	(2,608,171)
2025	(646,953)	(1,961,218)
2026	(375,772)	(1,585,446)
2027	(535,103)	(1,050,343)
Thereafter	(1,050,343)	-

For the year ended August 31, 2023, the District recognized OPEB expense of \$ (309,210) and a negative on-behalf expense and revenue of \$ 817,658 for support provided by the State.

NOTE 10. GENERAL FUND FEDERAL SOURCE REVENUES

Following is a schedule of federal source revenue recorded in the General Fund.

<u>Program or Source</u>	<u>Assistance Listing Number</u>	<u>Total</u>
Direct Costs:		
School Health and Related Services (SHARS)	---	\$ 453,568
Federal Refugee Act	---	26,436
COVID-19 Emergency Connectivity Fund Reimbursement	32.009	<u>420,976</u>
Total		<u>\$ 900,980</u>

SWEENY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 11. LOCAL AND INTERMEDIATE REVENUES

During the year ended August 31, 2023, local and intermediate revenues for governmental funds consisted of the following:

	General Fund	Sweeny Educational Fund	Debt Service Foundation	Other Governmental Funds	Total
Property taxes	\$ 19,396,259	\$ -	\$ 6,782,975	\$ -	\$ 26,179,234
Investment income	1,125,054	119,087	276,899	112,823	1,633,863
Food sales	-	-	-	428,671	428,671
Enterprising activities	1,010	-	-	-	1,010
Penalties, interest and other tax related income	134,545	-	22,082	-	156,627
Co-curricular income	78,531	-	-	-	78,531
Gifts and bequests	140,000	94,610	-	10,880	245,490
Other	<u>6,624,224</u>	<u>-</u>	<u>-</u>	<u>3,969</u>	<u>6,628,193</u>
Totals	<u>\$ 27,499,623</u>	<u>\$ 213,697</u>	<u>\$ 7,081,956</u>	<u>\$ 556,343</u>	<u>\$ 35,351,619</u>

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ended August 31, 2023, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 13. RISK POOL PARTICIPATION

The District is a participant in the Texas Association of School Boards, Inc. (TASB) Risk Management for coverage of unemployment compensation and worker's compensation. The District pays annual premiums to the pool for coverage stated. The District participates in a pool and is not responsible for its own claims.

Auto, Liability, and/or Property Programs

During the year ended August 31, 2023, Sweeny ISD participated in the following TASB Risk Management Fund (the Fund) programs:

Auto Liability
Auto Physical Damage
Legal Liability
Privacy & Information Security

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 13. RISK POOL PARTICIPATION - Continued

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Pool

During the year ended August 31, 2023, Sweeny ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool. For the year ended August 31, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Workers' Compensation Pool

During the year ended August 31, 2023, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 13. RISK POOL PARTICIPATION - Continued

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$ 2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year-ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

NOTE 14. LITIGATION AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 15. TAX ABATEMENTS

The District enters into appraised value limitations with local businesses under the Texas Economic Development Act (Tax Code Chapter 313). Under the Act, an appraised value limitation is an agreement in which a taxpayer agrees to build or install property and create jobs in exchange for a 10-year limitation on the taxable property value for the District's maintenance and operations tax (M&O) purposes. The minimum limitation value varies by District. The application for a limitation on the appraised value for M&O purposes is submitted directly to the District and requires an application fee that is established by the District. To qualify for a tax credit, a separate application must be submitted to the District after property taxes for the last complete year of the qualifying time period are paid. The credit is for M&O taxes paid in excess of the limitation amount in each complete year of the qualifying time period. The District's tax collector must credit the overage in equal parts over the last seven years of the agreement, but the credit in each year may not exceed 50 percent of the total taxes paid on the qualified property during that year. Any eligible amount not credited during the seven-year period are to be credited over the following three years, but the amount credited in each year may not exceed the total taxes paid on the qualified property in that year. The following are brief descriptions of each agreement followed by a summary of the agreements as of August 31, 2023.

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 15. TAX ABATEMENTS - Continued

The District entered into an agreement with Chevron Phillips Chemical Company on December 31, 2013. In addition to the tax abatement, Chevron Phillips Chemical Company has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 281.

The District entered into an agreement with Chevron Phillips Chemical Company on December 31, 2013. In addition to the tax abatement, Chevron Phillips Chemical Company has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 283.

The District entered into an agreement with Phillips 66 Company on April 8, 2014. In addition to the tax abatement, Phillips 66 Company has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 286.

The District entered into an agreement with Praxair, Inc. on April 20, 2017. In addition to the tax abatement, Praxair, Inc. has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 1185.

The District entered into an agreement with Phillips 66 Company on July 9, 2019. In addition to the tax abatement, Phillips 66 Company has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 1294.

The District entered into an agreement with Phillips 66 Company on July 9, 2019. In addition to the tax abatement, Phillips 66 Company has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 1334.

The District entered into an agreement with Phillips 66 Company on April 29, 2021. In addition to the tax abatement, Phillips 66 Company has committed to the payment in lieu of taxes program. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 1546.

Application Number	Project Value	Project's Value Limitation Amount	Amount of Applicant's M&O Taxes Paid	Amount of Applicant's M&O Taxes Reduced	Company Revenue Loss Payments to the District	Company PILOT Payment to District	Net Benefit to the District
281	\$ 705,192,480	\$ 30,000,000	\$ -	\$ 6,097,094	\$ 537,576	\$ 174,880	\$ 712,456
283	\$ 689,349,450	\$ 30,000,000	\$ -	\$ 5,960,115	\$ 836,435	\$ 174,880	\$ 1,011,315
286	\$ 336,287,970	\$ 30,000,000	\$ -	\$ 2,907,546	\$ 219,887	\$ 281,304	\$ 501,191
1185	\$ 900,000,000	\$ 30,000,000	\$ 259,380	\$ 7,522,020	\$ 2,877,436	\$ 190,439	\$ 3,067,875
1294	\$ 205,569,100	\$ 30,000,000	\$ 259,380	\$ 1,517,970	\$ 830,453	\$ 197,100	\$ 1,027,553
1334	\$ 130,625,000	\$ 30,000,000	\$ 1,129,384	\$ -	\$ -	\$ 168,524	\$ 168,524
1546	\$ -	\$ 30,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$2,967,024,000</u>	<u>\$210,000,000</u>	<u>\$ 1,648,144</u>	<u>\$ 24,004,745</u>	<u>\$ 5,301,787</u>	<u>\$ 1,187,127</u>	<u>\$ 6,488,914</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

NOTE 16. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended August 31, 2023, the District incurred expenditures in excess of appropriations within the following funds and functions:

General Fund:

Function 34 - Student transportation	\$	5,810
Function 35 - Food service		3,096
Function 71 - Principal on long-term debt		5,554

NOTE 17. DEFICIT FUND BALANCE

As of August 31, 2023, the following fund of the District had deficit fund balance as itemized below:

		<u>2023</u>
Fund Balance:		
Other Governmental Funds:		
429 State Funded Special Revenue Funds	\$	170

Deficit balances will either be offset by future revenues or reimbursed by the General Fund.

NOTE 18. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 4, 2024, the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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SWEENEY INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

*Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Year Ended August 31, 2023*

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 23,840,377	\$ 27,441,383	\$ 27,499,623	\$ 58,240
5800	State program revenues	3,415,082	3,356,985	4,582,971	1,225,986
5900	Federal program revenues	<u>385,000</u>	<u>805,976</u>	<u>900,980</u>	<u>95,004</u>
5020	Total revenues	<u>27,640,459</u>	<u>31,604,344</u>	<u>32,983,574</u>	<u>1,379,230</u>
	EXPENDITURES:				
	Current:				
0011	Instruction	11,686,248	13,508,902	12,690,315	818,587
0012	Instructional resources and media services	246,462	340,324	327,629	12,695
0013	Curriculum and staff development	105,740	228,032	220,992	7,040
0021	Instructional leadership	213,648	419,254	396,623	22,631
0023	School leadership	1,332,895	1,295,854	1,284,589	11,265
0031	Guidance, counseling, and evaluation services	479,442	683,075	677,826	5,249
0032	Social work services	12,457	14,334	8,316	6,018
0033	Health services	277,773	336,077	311,487	24,590
0034	Student transportation	733,597	807,077	812,887	(5,810)
0035	Food service	-	-	3,096	(3,096)
0036	Extracurricular activities	1,168,353	1,183,888	1,138,342	45,546
0041	General administration	1,348,211	1,509,959	1,382,085	127,874
0051	Facilities maintenance and operations	3,413,364	4,087,847	3,751,768	336,079
0052	Security and monitoring services	346,360	455,219	302,041	153,178
0053	Data processing services	926,096	785,083	722,290	62,793
	Debt Service:				
0071	Principal on long term debt	185,000	225,273	230,827	(5,554)
0072	Interest on long-term debt	1,500	54,083	22,037	32,046
	Intergovernmental:				
0091	Contracted instructional services between public schools	4,886,813	4,886,813	3,285,565	1,601,248
0095	Payments to juvenile justice alternative education programs	1,500	1,500	-	1,500
0099	Other intergovernmental charges	<u>275,000</u>	<u>300,000</u>	<u>282,351</u>	<u>17,649</u>
6030	Total expenditures	<u>27,640,459</u>	<u>31,122,594</u>	<u>27,851,066</u>	<u>3,271,528</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>481,750</u>	<u>5,132,508</u>	<u>4,650,758</u>
	OTHER FINANCING SOURCES (USES):				
7912	Sale of real property and personal property	-	-	1,147	1,147
7913	Proceeds from right to use leased assets	-	-	224,182	224,182
8911	Transfers out	<u>-</u>	<u>-</u>	<u>(20,654)</u>	<u>(20,654)</u>
	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>204,675</u>	<u>204,675</u>
1200	Net change in fund balances	-	481,750	5,337,183	4,855,433
0100	Fund balances - beginning	<u>20,182,790</u>	<u>20,182,790</u>	<u>20,182,790</u>	<u>-</u>
3000	Fund balances - ending	<u>\$ 20,182,790</u>	<u>\$ 20,664,540</u>	<u>\$ 25,519,973</u>	<u>\$ 4,855,433</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

*Schedule of Proportionate Share of the Net Pension Liability
and Related Ratios - Cost Sharing Employer Plan
For the Last Ten Measurement Years Ended August 31, (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.0136704%	0.0115202%	0.0119052%	0.0080630%
District's proportionate share of the net pension liability	\$ 8,115,793	\$ 2,933,786	\$ 6,376,185	\$ 4,191,389
State's proportionate share of the net pension liability associated with the District	<u>10,447,887</u>	<u>4,860,631</u>	<u>10,040,387</u>	<u>9,094,188</u>
Total	<u>\$ 18,563,680</u>	<u>\$ 7,794,417</u>	<u>\$ 16,416,572</u>	<u>\$ 13,285,577</u>
District's covered payroll	\$ 15,826,232	\$ 14,532,928	\$ 14,598,723	\$ 13,133,849
District's proportionate share of the net pension liability as a percentage of its covered payroll	51.28%	20.19%	43.68%	31.91%
Plan fiduciary net position as a percentage of total pension liability	75.62%	88.79%	75.54%	75.24%

(1) This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0074130%	0.0073115%	0.0068780%	0.0063917%	0.0065320%
\$ 4,080,292	\$ 2,337,821	\$ 2,599,100	\$ 2,259,381	\$ 1,744,788
<u>10,126,954</u>	<u>6,169,583</u>	<u>7,271,050</u>	<u>6,837,559</u>	<u>4,660,013</u>
<u>\$ 14,207,246</u>	<u>\$ 8,507,404</u>	<u>\$ 9,870,150</u>	<u>\$ 9,096,940</u>	<u>\$ 6,404,801</u>
\$ 12,895,433	\$ 12,776,402	\$ 12,061,878	\$ 11,098,109	\$ 10,551,191
31.64%	18.30%	21.55%	20.36%	16.54%
73.74%	82.17%	78.00%	78.43%	83.25%

SWEENEY INDEPENDENT SCHOOL DISTRICT*Schedule of Required Contributions-**Cost Sharing Employer Plan**For the Last Ten Years Ended At August 31, (1)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 420,679	\$ 384,726	\$ 274,138	\$ 287,409
Contributions in relation to the contractually required contribution	<u>420,679</u>	<u>384,726</u>	<u>274,138</u>	<u>287,409</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 16,170,260	\$ 15,826,232	\$ 14,532,928	\$ 14,598,723
Contributions as a percentage of covered payroll	2.60%	2.43%	1.89%	1.97%

(1) This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Exhibit G-3

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 264,035	\$ 239,628	\$ 218,532	\$ 189,261	\$ 165,605
<u>264,035</u>	<u>239,628</u>	<u>218,532</u>	<u>189,261</u>	<u>165,605</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ 13,133,849	\$ 12,895,433	\$ 12,776,402	\$ 12,061,878	\$ 11,098,109
2.01%	1.86%	1.71%	1.57%	1.49%

SWEENEY INDEPENDENT SCHOOL DISTRICT

*Schedule of Proportionate Share of the Net OPEB Liability
and Related Ratios - Cost Sharing Employer Plan
For the Last Ten Measurement Years Ended August 31, (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.0136704%	0.0173052%	0.0180143%	0.0173754%
District's proportionate share of the net OPEB liability	\$ 4,723,466	\$ 6,675,393	\$ 6,848,036	\$ 8,217,024
State's proportionate share of the net OPEB liability associated with the District	<u>5,761,886</u>	<u>8,493,539</u>	<u>9,202,118</u>	<u>10,918,586</u>
Total	<u>\$ 10,485,352</u>	<u>\$ 15,618,932</u>	<u>\$ 16,050,154</u>	<u>\$ 19,135,610</u>
District's covered payroll	\$ 15,826,232	\$ 14,532,928	\$ 14,598,723	\$ 13,133,849
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	29.85%	45.93%	46.91%	62.56%
Plan fiduciary net position as a percentage of total OPEB liability	11.52%	6.18%	4.99%	2.66%

(1) This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, the District will present information for those years for which information is available.

<u>2018</u>	<u>2017</u>
0.0162476%	0.0151015%
\$ 8,112,560	\$ 6,567,087
<u>10,962,973</u>	<u>10,076,182</u>
<u>\$ 19,075,533</u>	<u>\$ 16,643,269</u>
\$ 12,895,433	\$ 12,776,402
62.91%	51.40%
1.57%	0.91%

SWEENEY INDEPENDENT SCHOOL DISTRICT*Schedule of Required OPEB Contributions - Cost Sharing**Employer Plan**For the Last Ten Years Ended August 31, (1)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 144,699	\$ 130,571	\$ 119,142	\$ 115,521
Contributions in relation to the contractually required contribution	<u>144,699</u>	<u>130,571</u>	<u>119,142</u>	<u>115,521</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 16,170,260	\$ 15,826,232	\$ 14,532,928	\$ 14,598,723
Contributions as a percentage of covered payroll	0.89%	0.83%	0.82%	0.79%

(1) This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

<u>2019</u>	<u>2018</u>
\$ 108,872	\$ 78,513
<u>108,872</u>	<u>78,513</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ 13,133,849	\$ 12,895,433
0.83%	0.61%

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OTHER SUPPLEMENTARY INFORMATION

SWEENEY INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

August 31, 2023

Data Control Codes		Special				
		205	211	224	225	240
		Head Start Program	ESEA Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	National School Lunch and Breakfast Program
ASSETS:						
1110	Cash and cash equivalents	\$ 16,691	\$	\$ 9,855	\$ 2,232	\$ 919,645
1240	Receivables from other governments	-	94,040	84,033	-	68,891
1260	Due from other funds	-	-	-	-	-
1290	Other receivables	2,925	-	-	-	-
1300	Inventories	-	-	-	-	50,052
1410	Prepaid items	-	-	-	-	-
1000	Total assets	<u>\$ 19,616</u>	<u>\$ 94,040</u>	<u>\$ 93,888</u>	<u>\$ 2,232</u>	<u>\$ 1,038,588</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
2110	Accounts payable	\$ 1,334	\$ 36,674	\$ 23,540	\$ -	\$ 91,325
2160	Accrued wages payable	-	-	37,528	-	29,996
2170	Due to other funds	18,282	57,366	32,820	2,232	65,910
2180	Payable to other governments	-	-	-	-	-
2300	Unearned revenue	-	-	-	-	29,015
2000	Total liabilities	<u>19,616</u>	<u>94,040</u>	<u>93,888</u>	<u>2,232</u>	<u>216,246</u>
Fund Balances:						
Nonspendable						
3410	Inventories	-	-	-	-	50,052
3430	Prepaid items	-	-	-	-	-
Restricted:						
3450	Grant funds	-	-	-	-	772,290
3470	Capital acquisitions and contractual obligations	-	-	-	-	-
3490	Other	-	-	-	-	-
3600	Unassigned	-	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>822,342</u>
4000	Total liabilities and fund balances	<u>\$ 19,616</u>	<u>\$ 94,040</u>	<u>\$ 93,888</u>	<u>\$ 2,232</u>	<u>\$ 1,038,588</u>

Revenue Funds

244	255	263	270	280	281	282	284
Career and Technical Basic Grant	ESEA, Title II Part A: Teacher and Principal Training and Recruiting	Title III, Part A English Language Acquisition and Language Program	Title V Part B Subpart 2 Rural School	ARP ESSER Fund Homeless II Children and Youth	ESSER II Grant	ESSER III Grant	IDEA Part B Formula ARP
\$ -	\$ 5,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,405	27,740	-	985	3,393	809,024	410,680	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,405</u>	<u>33,616</u>	<u>-</u>	<u>985</u>	<u>3,393</u>	<u>809,024</u>	<u>410,680</u>	<u>-</u>
\$ 720	\$ 1,769	\$ -	\$ -	\$ -	\$ 34,686	\$ 1,877	\$ -
-	-	-	-	-	44	14,910	-
685	816	-	985	3,393	774,294	393,893	-
-	31,031	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,405</u>	<u>33,616</u>	<u>-</u>	<u>985</u>	<u>3,393</u>	<u>809,024</u>	<u>410,680</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,405</u>	<u>33,616</u>	<u>-</u>	<u>985</u>	<u>3,393</u>	<u>809,024</u>	<u>410,680</u>	<u>-</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

August 31, 2023

Data Control Codes		Special Revenue Funds				
		285	289	397	410	429
		IDEA Part B Preschool ARP	Federally Funded Special Revenue Funds	Advanced Placement Incentives	State Instructional Materials Fund	State Funded Special Revenue Funds
ASSETS:						
1110	Cash and cash equivalents	\$ -	\$ -	\$ 9	\$ -	\$ -
1240	Receivables from other governments	-	6,343	-	-	32,476
1260	Due from other funds	-	-	-	-	-
1290	Other receivables	-	-	-	-	-
1300	Inventories	-	-	-	-	-
1410	Prepaid items	-	-	-	44,951	-
1000	Total assets	\$ -	\$ 6,343	\$ 9	\$ 44,951	\$ 32,476
LIABILITIES AND FUND BALANCES:						
Liabilities:						
2110	Accounts payable	\$ -	\$ 318	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-	-
2170	Due to other funds	-	6,025	-	22,422	32,646
2180	Payable to other governments	-	-	-	-	-
2300	Unearned revenue	-	-	-	22,529	-
2000	Total liabilities	-	6,343	-	44,951	32,646
Fund Balances:						
Nonspendable						
3410	Inventories	-	-	-	-	-
3430	Prepaid items	-	-	-	44,951	-
Restricted:						
3450	Grant funds	-	-	9	-	-
3470	Capital acquisitions and contractual obligations	-	-	-	-	-
3490	Other	-	-	-	-	-
3600	Unassigned	-	-	-	(44,951)	(170)
3000	Total fund balances	-	-	9	-	(170)
4000	Total liabilities and fund balances	\$ -	\$ 6,343	\$ 9	\$ 44,951	\$ 32,476

Special Revenue Funds					Capital Project Funds	
480	481	482	485		60	
Local Grants	Local Grants	Technology Grants	Foundation Grants	Total Special Revenue Funds	Capital Projects Fund	Total Non-major Governmental Fund
\$ 82,476	\$ 54	\$ 38,554	\$ 108,082	\$ 1,183,474	\$ 2,270,343	\$ 3,453,817
-	-	-	-	1,539,010	-	1,539,010
-	-	-	135,576	135,576	107,422	242,998
-	-	-	-	2,925	-	2,925
-	-	-	-	50,052	-	50,052
-	-	-	-	44,951	-	44,951
<u>\$ 82,476</u>	<u>\$ 54</u>	<u>\$ 38,554</u>	<u>\$ 243,658</u>	<u>\$ 2,955,988</u>	<u>\$ 2,377,765</u>	<u>\$ 5,333,753</u>
\$ -	\$ -	\$ -	\$ 8,647	\$ 200,890	\$ -	\$ 200,890
-	-	-	-	82,478	-	82,478
-	-	-	2,008	1,413,777	-	1,413,777
-	-	-	-	31,031	-	31,031
<u>82,476</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>134,074</u>	<u>-</u>	<u>134,074</u>
<u>82,476</u>	<u>54</u>	<u>-</u>	<u>10,655</u>	<u>1,862,250</u>	<u>-</u>	<u>1,862,250</u>
-	-	-	-	50,052	-	50,052
-	-	-	-	44,951	-	44,951
-	-	-	-	772,299	-	772,299
-	-	-	-	-	2,377,765	2,377,765
-	-	38,554	233,003	271,557	-	271,557
-	-	-	-	(45,121)	-	(45,121)
<u>-</u>	<u>-</u>	<u>38,554</u>	<u>233,003</u>	<u>1,093,738</u>	<u>2,377,765</u>	<u>3,471,503</u>
<u>\$ 82,476</u>	<u>\$ 54</u>	<u>\$ 38,554</u>	<u>\$ 243,658</u>	<u>\$ 2,955,988</u>	<u>\$ 2,377,765</u>	<u>\$ 5,333,753</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended August 31, 2023

Data Control Codes		205	211	224	225	Special 240
		Head Start Program	ESEA Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	National School Lunch and Breakfast Program
	REVENUES:					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ 432,640
5800	State program revenues	-	-	-	-	15,700
5900	Federal program revenues	<u>150,500</u>	<u>547,054</u>	<u>457,090</u>	<u>17,664</u>	<u>1,104,610</u>
5020	Total revenues	<u>150,500</u>	<u>547,054</u>	<u>457,090</u>	<u>17,664</u>	<u>1,552,950</u>
	EXPENDITURES:					
	Current:					
0011	Instruction	150,500	431,674	344,201	17,664	-
0012	Instructional resources and media services	-	-	-	-	-
0013	Curriculum and staff development	-	19,833	17,880	-	-
0021	Instructional leadership	-	-	-	-	-
0023	School leadership	-	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	93,238	-	-
0032	Social work services	-	95,547	-	-	-
0034	Student (pupil) transportation	-	-	1,771	-	-
0035	Food services	-	-	-	-	1,522,084
0036	Cocurricular/extracurricular activities	-	-	-	-	-
0041	General administration	-	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	-
0053	Data processing services	-	-	-	-	-
0061	Community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>150,500</u>	<u>547,054</u>	<u>457,090</u>	<u>17,664</u>	<u>1,522,084</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,866</u>
	OTHER FINANCING SOURCES:					
7915	Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,532</u>
	Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,532</u>
1200	Net change in fund balances	-	-	-	-	38,398
0100	Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>783,944</u>
3000	Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 822,342</u>

Revenue Funds

244	255	263	270	280	281	282	284
Career and Technical Basic Grant	ESEA, Title II Part A: Teacher and Principal Training and Recruiting	Title III, Part A English Language Acquisition and Language Program	Title V Part B Subpart 2 Rural School	ARP ESSER Fund Homeless II Children and Youth	ESSER II Grant	ESSER III Grant	IDEA Part B Formula ARP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>17,808</u>	<u>113,294</u>	<u>3,949</u>	<u>985</u>	<u>9,411</u>	<u>828,861</u>	<u>755,812</u>	<u>82,804</u>
<u>17,808</u>	<u>113,294</u>	<u>3,949</u>	<u>985</u>	<u>9,411</u>	<u>828,861</u>	<u>755,812</u>	<u>82,804</u>
17,088	113,294	3,949	-	4,887	785,032	543,961	82,804
-	-	-	-	-	-	5,876	-
720	-	-	985	4,524	28,438	23,506	-
-	-	-	-	-	-	46,284	-
-	-	-	-	-	15,391	-	-
-	-	-	-	-	-	95,943	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,600	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	30,642	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>17,808</u>	<u>113,294</u>	<u>3,949</u>	<u>985</u>	<u>9,411</u>	<u>828,861</u>	<u>755,812</u>	<u>82,804</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended August 31, 2023

Data Control Codes		Special Revenue Funds				
		285	289	397	410	429
		IDEA Part B Preschool ARP	Federally Funded Special Revenue Funds	Advanced Placement Incentives	State Instructional Materials Fund	State Funded Special Revenue Funds
	REVENUES:					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	115,858	32,476
5900	Federal program revenues	<u>3,220</u>	<u>36,916</u>	-	-	-
5020	Total revenues	<u>3,220</u>	<u>36,916</u>	-	<u>115,858</u>	<u>32,476</u>
	EXPENDITURES:					
	Current:					
0011	Instruction	3,220	31,965	-	115,858	7,042
0012	Instructional resources and media services	-	-	-	-	-
0013	Curriculum and staff development	-	4,951	-	-	-
0021	Instructional leadership	-	-	-	-	-
0023	School leadership	-	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-	-
0032	Social work services	-	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-	-
0035	Food services	-	-	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-	-	-
0041	General administration	-	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	25,434
0053	Data processing services	-	-	-	-	-
0061	Community services	-	-	-	-	-
6030	Total expenditures	<u>3,220</u>	<u>36,916</u>	-	<u>115,858</u>	<u>32,476</u>
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-	-
	OTHER FINANCING SOURCES:					
7915	Transfers in	-	-	-	-	-
	Total other financing sources	-	-	-	-	-
1200	Net change in fund balances	-	-	-	-	-
0100	Fund balances - beginning	-	-	9	-	(170)
3000	Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ (170)</u>

Special Revenue Funds					Capital Project Funds	
480	481	482	485		60	
Local Grants	Local Grants	Technology Grants	Foundation Grants	Total Special Revenue Funds	Capital Projects Fund	Total Non-major Governmental Fund
\$ 10,880	\$ -	\$ -	\$ -	\$ 443,520	\$ 112,823	\$ 556,343
-	-	-	1,282	165,316	-	165,316
-	-	-	-	4,129,978	-	4,129,978
10,880	-	-	1,282	4,738,814	112,823	4,851,637
14,129	-	-	90,620	2,757,888	3,124	2,761,012
3,340	-	-	1,500	10,716	-	10,716
2,565	-	-	5,591	108,993	-	108,993
-	-	-	-	46,284	-	46,284
698	-	-	-	16,089	-	16,089
-	-	-	-	189,181	-	189,181
-	-	-	-	95,547	-	95,547
-	-	-	-	1,771	-	1,771
-	-	-	-	1,522,084	-	1,522,084
-	-	-	11,674	11,674	-	11,674
-	-	-	46,258	46,258	-	46,258
3,270	-	-	-	12,870	70,105	82,975
-	-	-	-	25,434	-	25,434
-	-	-	-	30,642	87,134	117,776
-	-	-	5,876	5,876	-	5,876
24,002	-	-	161,519	4,881,307	160,363	5,041,670
(13,122)	-	-	(160,237)	(142,493)	(47,540)	(190,033)
13,122	-	-	195,705	216,359	-	21,359
13,122	-	-	195,705	216,359	-	216,359
-	-	-	35,468	73,866	(47,540)	26,326
-	-	38,554	197,535	1,019,872	2,425,305	3,445,177
\$ -	\$ -	\$ 38,554	\$ 233,003	\$ 1,093,738	\$ 2,377,765	\$ 3,471,503

SWEENY INDEPENDENT SCHOOL DISTRICT*Schedule of Delinquent Taxes Receivable**For the Year Ended August 31, 2023*

Last Ten Years Ended August 31,	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance September 1, 2022
	Maintenance	Debt Service		
2014 and prior	\$ Various	Various	\$ --	\$ 133,988
2015	1.0400	0.1717	1,416,575,225	16,774
2016	1.0400	0.1717	1,790,173,475	19,996
2017	1.0400	0.1717	2,066,708,096	33,400
2018	1.0400	0.1717	2,443,232,566	32,468
2019	1.0600	0.1517	1,724,863,250	36,131
2020	0.9900	0.1517	1,850,866,252	53,735
2021	0.8847	0.1517	2,256,247,395	105,582
2022	0.8847	0.1517	2,044,338,576	184,848
2023 (School Year under Audit)	0.8846	0.1517	2,236,729,706	-
1000 Totals				\$ <u>616,922</u>

Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2023
\$ -	\$ 6,941	\$ 1,011	\$(30,698)	\$ 95,338
-	1,101	182	(1,014)	14,477
-	1,481	244	(2,695)	15,576
-	2,242	370	(1,040)	29,748
-	5,184	856	(1,734)	24,694
-	6,965	997	(1,303)	26,866
-	12,922	1,980	(2,637)	36,196
-	15,309	2,625	(14,871)	72,777
-	58,269	9,991	(26,054)	90,534
<u>23,290,823</u>	<u>19,297,976</u>	<u>6,767,452</u>	<u>3,010,491</u>	<u>235,886</u>
<u>\$ 23,290,823</u>	<u>\$ 19,408,390</u>	<u>\$ 6,785,708</u>	<u>\$ 2,928,445</u>	<u>\$ 642,092</u>

SWEENY INDEPENDENT SCHOOL DISTRICT

Exhibit J-2

*Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - National School Lunch and Breakfast Program
For The Year Ended August 31, 2023*

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 440,000	\$ 440,000	\$ 432,640	\$(7,360)
5800	State program revenues	5,000	5,000	15,700	10,700
5900	Federal program revenues	<u>820,000</u>	<u>889,444</u>	<u>1,104,610</u>	<u>215,166</u>
5020	Total revenues	<u>1,265,000</u>	<u>1,334,444</u>	<u>1,552,950</u>	<u>218,506</u>
	EXPENDITURES:				
	Current:				
0035	Food services	<u>1,159,168</u>	<u>1,577,539</u>	<u>1,522,084</u>	<u>55,455</u>
6030	Total expenditures	<u>1,159,168</u>	<u>1,577,539</u>	<u>1,522,084</u>	<u>55,455</u>
1100	Excess (deficiency) of revenues over expenditures	<u>105,832</u>	<u>(243,095)</u>	<u>30,866</u>	<u>273,961</u>
	OTHER FINANCING SOURCES:				
7915	Transfers in	<u>-</u>	<u>-</u>	<u>7,532</u>	<u>7,532</u>
	Total other financing sources	<u>-</u>	<u>-</u>	<u>7,532</u>	<u>7,532</u>
1200	Net change in fund balances	105,832	(243,095)	38,398	281,493
0100	Fund balances - beginning	<u>783,944</u>	<u>783,944</u>	<u>783,944</u>	<u>-</u>
3000	Fund balances - ending	<u>\$ 889,776</u>	<u>\$ 540,849</u>	<u>\$ 822,342</u>	<u>\$ 281,493</u>

SWEENY INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

*Schedule of Revenues, Expenditures, and Changes In Fund Balances -
Budget and Actual - Debt Service Fund
For The Year Ended August 31, 2023*

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 6,766,809	\$ 6,766,809	\$ 7,081,956	\$ 315,147
5800	State program revenues	<u>812,217</u>	<u>812,217</u>	<u>45,734</u>	<u>(766,483)</u>
5020	Total revenues	<u>7,579,026</u>	<u>7,579,026</u>	<u>7,127,690</u>	<u>(451,336)</u>
	EXPENDITURES:				
	Debt Services:				
0071	Debt Service - Principal on long-term debt	5,926,900	5,926,900	5,885,000	41,900
0072	Debt Service - Interest on long-term debt	1,456,035	1,456,035	1,456,035	-
0073	Bond issuance costs and fees	<u>200,000</u>	<u>200,000</u>	<u>13,680</u>	<u>186,320</u>
6030	Total expenditures	<u>7,582,935</u>	<u>7,582,935</u>	<u>7,354,715</u>	<u>228,220</u>
1200	Net change in fund balances	(3,909)	(3,909)	(227,025)	(223,116)
0100	Fund balances - beginning	<u>1,212,786</u>	<u>1,212,786</u>	<u>1,212,786</u>	<u>-</u>
3000	Fund balances - ending	<u>\$ 1,208,877</u>	<u>\$ 1,208,877</u>	<u>\$ 985,761</u>	<u>\$ (223,116)</u>

SWEENEY INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

*Schedule of Compensatory Education Program and Bilingual Education Program
For the Year Ended August 31, 2023*

<u>Data Code</u>	<u>Section A: Compensatory Education Programs</u>	<u>Responses</u>
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.	\$ 1,662,775
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)	\$ 741,748
<u>Data Code</u>	<u>Section B: Bilingual Education Programs</u>	<u>Responses</u>
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.	\$ 35,968
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 18,482

FEDERAL AWARDS SECTION

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Independent Auditor's Report

On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sweeny Independent School District (the "District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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979-297-4075

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El Campo, TX 77437
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Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness 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.

KM&L, LLC

Lake Jackson, Texas
January 4, 2024



Independent Auditor's Report

On Compliance for Each Major Program and on Internal Control Over Compliance Required by
the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sweeny Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet 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.

Lake Jackson
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201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

KM&L, LLC

Lake Jackson, Texas
January 4, 2024

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SWEENEY INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended August 31, 2023

I. Summary of auditors' results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings, required to be reported in this schedule, were disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. No internal control findings, required to be reported in this schedule, were disclosed in the audit of major programs.
5. Type of auditor's report on compliance for major programs: Unmodified
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR Sec. 200.516(a): No
7. Major programs include:
Education Stabilization Fund
 - COVID-19 - CRRSA ESSER II- ALN 84.425D
 - COVID-19 - ARP ESSER III - ALN 84.425U
 - COVID-19 - ARP Homeless II - ALN 84.425W
8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
9. Low risk auditee: Yes.

II. Findings related to the financial statements:

The audit disclosed no findings required to be reported.

III. Findings and questioned costs related to the federal awards.

The audit disclosed no findings required to be reported.



1310 N. Elm Street | Sweeny, Texas 77480

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.



1310 N. Elm Street | Sweeny, Texas 77480

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is as follows:

None

SWEENEY INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Exhibit K-1
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed Through Texas Education Agency:			
ESEA, Title I, Part A, Improving Basic Programs	84.010A	23610101020906	\$ 547,054
Passed Through Texas Education Agency:			
IDEA - Part B, Formula*	84.027A	236600010209066600	457,090
COVID-19 IDEA - Part B, Formula - ARP*	84.027X	225350020209065350	82,804
			<u>539,894</u>
Passed Through Texas Education Agency:			
IDEA - B, Preschool*	84.173A	236610010209066610	17,664
COVID-19 IDEA - Part B, Preschool ARP*	84.173X	225360020209065360	3,220
			<u>20,884</u>
Passed Through Texas Education Agency:			
Perkins V: Strengthening	84.048A	23420006020906	<u>17,808</u>
Passed Through Texas Education Agency:			
Title II Part A - Supporting EF	84.367A	23694501020906	<u>113,294</u>
Passed Through Texas Education Agency:			
Title V, B, SP 2, RLIS	84.358B	23696001020906	<u>985</u>
Passed Through Texas Education Agency:			
COVID-19 CRRSA ESSER II	84.425D	21521001020906	828,861
COVID-19 ARP Act - Homeless II	84.425W	21533002020906	9,411
COVID-19 ARP ESSER III	84.425U	21528001020906	755,812
			<u>1,594,084</u>
Passed Through Texas Education Agency:			
Title IV Part A, Subpart 1	84.424A	22680101020906	<u>36,916</u>
Passed Through Texas Education Agency:			
Title III, Part A, English Language Acquisition	84.365	---	<u>3,949</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ <u>2,874,868</u>
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Commodity Supplement Program**	10.555	020906	\$ 26,992
Passed Through Texas Education Agency:			
School Breakfast Program**	10.553	71402201	26,019
School Breakfast Program**	10.553	71402301	187,377
National School Lunch Program**	10.555	71302201	85,092
National School Lunch Program**	10.555	71302301	624,639
Summer Seamless Option Program**	10.555	71302301	24,955
Passed Through State Department of Agriculture:			
Supply Chain Assistance (SCA)**	10.555	6TX300400	69,445
			<u>1,044,519</u>
Passed Through Texas Department of Agriculture:			
Child and Adult Food Care Program (CACFP)	10.558	00116	<u>54,874</u>

(continued)

SWEENEY INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Exhibit K-1
Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture - Continued</u>			
Passed Through Texas Department of Agriculture: State Administrative Expenses (SAE)	10.560	236TX312N2533	\$ <u>2,082</u>
Passed Through Texas Department of Agriculture: P-EBT Local Level Administrative Cost Grant	10.649	226TX109S9009	<u>3,135</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ <u>1,104,610</u>
<u>Federal Communications Commission</u>			
Direct Program:			
COVID-19 Emergency Connectivity Fund Reimbursement	32.009	---	\$ <u>420,976</u>
TOTAL FEDERAL COMMUNICATIONS COMMISSION			\$ <u>420,976</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through Upbring Head Start Preschool Head Start	93.600	---	\$ <u>150,500</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ <u>150,500</u>
TOTAL FEDERAL ASSISTANCE			\$ <u>4,550,954</u>
*, ** Cluster Program			
Reconciliation:			
Federal program revenues (Exhibit C-3)			\$ 5,030,958
Less Federal Revenue not included in the Schedule of Federal Awards:			
School Health and Related Services (SHARS)			(453,568)
Refuge Revenue in Lieu of Taxes			(<u>26,436</u>)
Total federal financial assistance (Schedule of Expenditures of Federal Awards).			\$ <u>4,550,954</u>

See notes to supplemental Schedule of Expenditures of Federal Awards.

SWEENEY INDEPENDENT SCHOOL DISTRICT

*Notes to Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023*

NOTE 1 - BASIS OF ACCOUNTING

The District accounts for all awards under federal programs in the General and certain special revenue funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

Commodity Supplement (ALN 10.555) received like kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of goods received was \$ 22,882, while the monetary value of goods used and recognized as income and expenditures was \$ 26,992.

NOTE 2 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 3 - FEDERAL INDIRECT RATE

The District does not use 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

SCHEDULE FOR ELECTRONIC FILING

SWEENEY INDEPENDENT SCHOOL DISTRICT

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AUGUST 31, 2023

SCHEDULE L-1

Page 1 of 2

Code	Questions	Responses
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
SF 3	<p>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? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)</p> <p>Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.</p> <p>Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.</p>	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

SWEENY INDEPENDENT SCHOOL DISTRICT

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AUGUST 30, 2023

SCHEDULE L-1
Page 2 of 2

<u>Code</u>	<u>Questions</u>	<u>Responses</u>
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 the government-wide financial statements at fiscal year-end.	\$ -0-

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