

FABENS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
AUGUST 31, 2023



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

FABENS INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2023

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CERTIFICATE OF BOARD

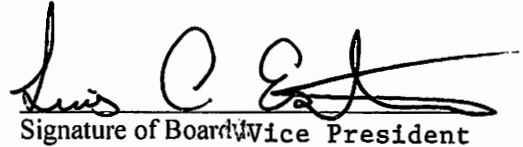
Fabens Independent School District
Name of School District

El Paso
County

071-903
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 17 day of January, 2024.


Signature of Board Secretary


Signature of Board Vice President

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Fabens Independent School District

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 Fabens Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Fabens Independent School 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 Fabens Independent School District, as of August 31, 2023, and the respective changes in financial position, and the respective budgetary comparison for the General Fund 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 Fabens Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 Fabens Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fabens Independent School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements 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 Fabens Independent School District's basic financial statements. The accompanying combining schedules of non-major governmental funds, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedules of non-major governmental funds 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.

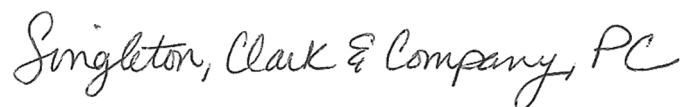
Other Information

Management is responsible for the other information included within the annual report. The other information comprises exhibits required by the Texas Education Agency which present property tax collection and receivable information, budget-to-actual comparisons for the Child Nutrition Fund and Debt Service Fund, and information related to expenditure levels of selected state funding allotments. Our opinions on the basic financial statements do not cover this other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023 on our consideration of Fabens Independent School 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 Fabens Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fabens Independent School District's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC
Alpine, Texas

December 22, 2023

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FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Fabens Independent School District (the “District”) discuss and analyze the financial performance of the District for the fiscal year ended August 31, 2023. Please read this information in conjunction with the District’s basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s net position for governmental activities increased by \$3,039,124 as a result of this year’s current operations, to end at \$6,845,896.
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds, and the Debt Service Fund) reported an overall fund balance increase of \$1,149,838 less a prior period adjustment of \$230,621, to end at \$14,348,148.
- The General Fund of the District reported a fund balance increase of \$1,129,437 for the year less a prior period adjustment of \$230,621, to end at \$14,261,478.

OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor’s report, management’s discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

Independent Auditor’s Report

State law requires the District’s financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted 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. The District received an *Unmodified* opinion on its financial statements this year.

Management’s Discussion and Analysis

The Management’s Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's child nutrition and debt service functions.

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Report on Compliance and Internal Control for Each Major Program

Because the District expended more than \$750,000 in federal grant awards, an additional independent auditor's report on compliance and internal control over the District's major federal grant programs was required. This report provides an opinion by the independent audit firm that the District complied, in all material respects, with the requirements applicable to the federal grants received and expended.

Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards (SEFA) provides a detailed listing of the federal grant awards received by the District during the year. This listing includes federal grant names, identification numbers, and amounts expended.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists information related to the audit of the District's major federal programs and lists any audit findings reported by the audit firm for the year.

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Our school district reported governmental activities this year, however, we did not engage in business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

Our District reported several governmental funds this year, however, we did not utilize proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$4,037,393 to \$6,845,896. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$4,665,058) at August 31, 2023.

Table I
FABENS INDEPENDENT SCHOOL DISTRICT
NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Change
Current & Other Assets	\$ 17,075,081	\$ 16,544,154	\$ 530,927
Capital Assets	34,734,385	35,489,212	(754,827)
Total Assets	<u>51,809,466</u>	<u>52,033,366</u>	<u>(223,900)</u>
Deferred Outflows of Resources	<u>9,090,694</u>	<u>3,706,422</u>	<u>5,384,272</u>
Current Liabilities	2,595,043	3,003,520	(408,477)
Long-Term Liabilities	38,557,516	36,921,365	1,636,151
Total Liabilities	<u>41,152,559</u>	<u>39,924,885</u>	<u>1,227,674</u>
Deferred Inflows of Resources	<u>12,901,705</u>	<u>11,777,510</u>	<u>1,124,195</u>
Net Position:			
Net Investment in Capital Assets	10,773,789	9,960,494	813,295
Restricted	737,165	667,670	69,495
Unrestricted	<u>(4,665,058)</u>	<u>(6,590,771)</u>	<u>1,925,713</u>
Total Net Position	<u>\$ 6,845,896</u>	<u>\$ 4,037,393</u>	<u>\$ 2,808,503</u>

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

Table II
FABENS INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 94,372	\$ 87,855	\$ 6,517
Operating Grants & Contributions	9,937,646	10,316,477	(378,831)
General Revenues:			
Maintenance & Operations Taxes	2,436,905	2,347,571	89,334
Debt Service Taxes	802,111	687,887	114,224
State Aid - Formula Grants	18,653,699	19,120,604	(466,905)
Grants & Contributions not Restricted	1,289,192	2,945,889	(1,656,697)
Investment Earnings	519,650	44,523	475,127
Miscellaneous	168,121	821,387	(653,266)
Total Revenue	<u>33,901,696</u>	<u>36,372,193</u>	<u>(2,470,497)</u>
Expenses:			
Instruction	16,513,609	15,075,824	1,437,785
Instructional Resources & Media Services	315,279	1,223,987	(908,708)
Curriculum & Instructional Staff Development	269,670	190,075	79,595
Instructional Leadership	1,140,720	849,922	290,798
School Leadership	1,271,276	1,230,523	40,753
Guidance, Counseling, & Evaluation Services	1,223,334	1,037,461	185,873
Social Work Services	145,634	82,922	62,712
Health Services	424,171	392,684	31,487
Student Transportation	621,095	484,086	137,009
Food Services	1,663,475	1,513,235	150,240
Extracurricular Activities	910,435	742,487	167,948
General Administration	1,402,453	1,130,027	272,426
Facilities Maintenance and Operations	3,226,165	3,154,730	71,435
Security and Monitoring Services	580,373	333,043	247,330
Data Processing Services	421,179	376,356	44,823
Community Services	81,980	98,174	(16,194)
Debt Service	604,415	1,453,961	(849,546)
Other Intergovernmental Charges	47,309	43,233	4,076
Total Expenses	<u>30,862,572</u>	<u>29,412,730</u>	<u>1,449,842</u>
Change in Net Position	<u>3,039,124</u>	<u>6,959,463</u>	<u>(3,920,339)</u>
Net Position at 9/1/22 and 9/1/21	4,037,393	(2,716,325)	6,753,718
Prior Period Adjustment	(230,621)	(205,745)	(24,876)
Net Position at 8/31/23 and 8/31/22	<u>\$ 6,845,896</u>	<u>\$ 4,037,393</u>	<u>\$ 2,808,503</u>

FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$14,261,478, which is \$898,816 more than last year's total of \$13,362,662. The increase in fund balance is mainly attributable to higher than expected revenues for the year.

The District's Elementary & Secondary School Emergency Relief II (ESSER II) Fund, a major fund for the year ended August 31, 2023, reported \$3,142,402 in federal program revenues and expenditures, and an ending fund balance of \$-0-. The purpose of the ESSER II Fund is to account for federal funding intended to help school districts across the country respond to challenges brought on by the COVID-19 pandemic.

The District's other governmental funds reported combined ending fund balances of \$86,670. This combined balance is \$20,401 more than the previous year.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. Budget amendments made during the year to Instruction, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance & Operations, Data Processing Services, Debt Service and Facilities Acquisition & Construction were considered significant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2023, the District had \$34,734,385 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2023 and 2022 is as follows:

	Governmental Activities 2023	Governmental Activities 2022	Change
Land	\$ 636,697	\$ 636,697	\$ -
Construction in Progress	1,788,732	1,457,068	331,664
Buildings	61,721,346	61,416,588	304,758
Furniture and Equipment	9,337,607	9,164,526	173,081
Right to Use Leased Assets	226,406	226,406	-
Total	<u>73,710,788</u>	<u>72,901,285</u>	<u>809,503</u>
Less Accumulated Depreciation	<u>(38,976,403)</u>	<u>(37,412,073)</u>	<u>(1,564,330)</u>
Capital Assets, Net of Depreciation	<u>\$ 34,734,385</u>	<u>\$ 35,489,212</u>	<u>\$ (754,827)</u>

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FABENS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023

Debt

At year-end, the District had \$23,999,062 in bonds and other long-term debt outstanding versus \$25,669,652 last year. The decrease is attributable to the District making scheduled payments on its long-term debt during the year.

A summary of the ending balances of long-term debt by type for both 2023 and 2022 is as follows:

	Governmental Activities 2023	Governmental Activities 2022	Change
Bonds Payable	\$ 23,841,747	\$ 25,436,021	\$ (1,594,274)
Right to Use Leases Payable	118,849	163,164	(44,315)
Compensated Absences	38,466	70,467	(32,001)
Total	<u>\$ 23,999,062</u>	<u>\$ 25,669,652</u>	<u>\$ (1,670,590)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2023- 2024 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$23 million for the 2023-2024 fiscal year. This reflects an approximate increase of \$300,000 in budgeted expenditures from the fiscal year 2022-2023 adopted budget to fiscal year 2023-2024.

For the 2023-2024 budget year, the District has decreased its maintenance and operations tax rate at \$0.7910 per hundred of taxable value. The District adopted a debt service tax rate of \$0.3307 for the 2023-2024 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2023-2024 budget year is \$1.1217 per hundred of taxable value. The District has elected to change its fiscal year end from August 31st to June 30th. Therefore, the District will operate a 10 month fiscal year in 2023-2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Fabens Independent School District, 821 NE ‘G’ Avenue, Fabens, Texas 79838, or by calling (915) 765-2600.

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BASIC FINANCIAL STATEMENTS

FABENS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

Data Control Codes	<u>Primary Government 1 Governmental Activities</u>
ASSETS	
1110 Cash and Cash Equivalents	\$ 11,109,665
1225 Property Taxes Receivable, net	162,500
1240 Due from Other Governments	5,773,930
1300 Inventories	28,986
Capital Assets:	
1510 Land Purchase and Improvements	636,697
1520 Buildings and Improvements, net	29,055,246
1530 Furniture and Equipment, net	3,138,527
1550 Right to Use Assets, net	115,183
1580 Construction in Progress	1,788,732
1000 Total Assets	<u>51,809,466</u>
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflows-Pension	7,077,321
1706 Deferred Outflows-OPEB	2,013,373
Total Deferred Outflows of Resources	<u>9,090,694</u>
LIABILITIES	
2110 Accounts Payable	111,168
2140 Interest Payable	30,610
2150 Payroll Deductions and Withholdings	57,991
2160 Accrued Wages Payable	1,107,981
2177 Due to Trust and Custodial Funds	12,789
2180 Due to Other Governments	661,402
2200 Accrued Expenses	200,250
2300 Unearned Revenue	412,852
Noncurrent Liabilities:	
2501 Due Within One Year	1,561,121
2502 Due in More Than One Year	22,437,941
2540 Net Pension Liability	9,578,039
2545 Other Post-Employment Benefits Liability	4,980,415
2000 Total Liabilities	<u>41,152,559</u>
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflows-Pension	3,999,248
2606 Deferred Inflows-OPEB	8,902,457
Total Deferred Inflows of Resources	<u>12,901,705</u>
NET POSITION	
3200 Net Investment in Capital Assets	10,773,789
Restricted for:	
3820 Federal & State Programs	627,488
3850 Debt Service	33,709
3890 Other Restricted	75,968
3900 Unrestricted	(4,665,058)
3000 Total Net Position	<u>\$ 6,845,896</u>

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

FABENS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	1 Expenses	Program Revenues		Net (Expense) Rev. & Changes in Net Position	
		3 Charges for Services	4 Operating Grants and Contributions	6 Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 16,513,609	\$ -	\$ 4,600,161	\$ (11,913,448)
12	Instructional Resources & Media Services	315,279	-	65,899	(249,380)
13	Curriculum & Instructional Staff Development	269,670	-	127,037	(142,633)
21	Instructional Leadership	1,140,720	-	720,796	(419,924)
23	School Leadership	1,271,276	-	83,671	(1,187,605)
31	Guidance, Counseling, & Evaluation Services	1,223,334	-	59,000	(1,164,334)
32	Social Work Services	145,634	-	154,037	8,403
33	Health Services	424,171	-	122,348	(301,823)
34	Student Transportation	621,095	-	37,664	(583,431)
35	Food Services	1,663,475	41,552	1,633,959	12,036
36	Extracurricular Activities	910,435	52,817	27,666	(829,952)
41	General Administration	1,402,453	3	30,932	(1,371,518)
51	Facilities Maintenance and Operations	3,226,165	-	417,224	(2,808,941)
52	Security and Monitoring Services	580,373	-	446,072	(134,301)
53	Data Processing Services	421,179	-	13,216	(407,963)
61	Community Services	81,980	-	52,922	(29,058)
72	Interest on Long-Term Debt	601,165	-	1,345,042	743,877
73	Other Debt Service Fees	3,250	-	-	(3,250)
99	Other Intergovernmental Charges	47,309	-	-	(47,309)
TG	Total Governmental Activities:	<u>30,862,572</u>	<u>94,372</u>	<u>9,937,646</u>	<u>(20,830,554)</u>
TP	TOTAL PRIMARY GOVERNMENT:	<u>\$ 30,862,572</u>	<u>\$ 94,372</u>	<u>\$ 9,937,646</u>	<u>(20,830,554)</u>
General Revenues:					
Taxes:					
MT	Property Taxes, Levied for General Purposes				2,436,905
DT	Property Taxes, Levied for Debt Service				802,111
SF	State Aid - Formula Grants				18,653,699
GC	Grants and Contributions, not Restricted				1,289,192
IE	Investment Earnings				519,650
MI	Miscellaneous Local and Intermediate Revenue				168,121
	Total General Revenues				<u>23,869,678</u>
CN	Change in Net Position				3,039,124
NB	Net Position -- Beginning				<u>4,037,393</u>
PA	Prior Period Adjustment				<u>(230,621)</u>
NE	Net Position -- Ending				<u>\$ 6,845,896</u>

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

FABENS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data	10			98
Control Codes	General Fund	ESSER II Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 10,758,461	\$ -	\$ 351,204	\$ 11,109,665
1220 Property Taxes - Delinquent	402,473	-	105,347	507,820
1230 Allowance for Uncollectible Taxes (Credit)	(273,682)	-	(71,638)	(345,320)
1240 Due from Other Governments	2,643,555	2,431,083	699,292	5,773,930
1260 Due from Other Funds	4,094,132	-	505,204	4,599,336
1310 Inventories	28,986	-	-	28,986
1000 Total Assets	<u>\$ 17,653,925</u>	<u>\$ 2,431,083</u>	<u>\$ 1,589,409</u>	<u>\$ 21,674,417</u>
LIABILITIES				
2110 Accounts Payable	\$ 110,200	\$ -	\$ 968	\$ 111,168
2150 Payroll Deductions and Withholdings	57,991	-	-	57,991
2160 Accrued Wages Payable	904,826	5,824	197,331	1,107,981
2170 Due to Other Funds	1,434,338	2,425,259	739,739	4,599,336
2177 Due to Trust and Custodial Funds	12,789	-	-	12,789
2180 Due to Other Governments	514,276	-	147,126	661,402
2200 Accrued Expenditures	200,250	-	-	200,250
2300 Unavailable Revenues	28,986	-	383,866	412,852
2000 Total Liabilities	<u>3,263,656</u>	<u>2,431,083</u>	<u>1,469,030</u>	<u>7,163,769</u>
DEFERRED INFLOWS OF RESOURCES				
2600 Deferred Inflows-Unavailable Revenues	128,791	-	33,709	162,500
Total Deferred Inflows of Resources	<u>128,791</u>	<u>-</u>	<u>33,709</u>	<u>162,500</u>
FUND BALANCES				
Nonspendable:				
3410 Inventories	28,986	-	-	28,986
Restricted for:				
3450 Federal or State Funds Restricted	627,488	-	-	627,488
3490 Other Restricted Fund Balance	-	-	75,968	75,968
3530 Capital Expenditures for Equipment	637,885	-	-	637,885
3545 Other Committed Fund Balance	150,000	-	-	150,000
Assigned for:				
3590 Other Assigned Fund Balance	912,608	-	10,702	923,310
3600 Unassigned Fund Balance	11,904,511	-	-	11,904,511
3000 Total Fund Balances	<u>14,261,478</u>	<u>-</u>	<u>86,670</u>	<u>14,348,148</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 17,653,925</u>	<u>\$ 2,431,083</u>	<u>\$ 1,589,409</u>	<u>\$ 21,674,417</u>

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

FABENS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2023

		1
Total Fund Balances - Governmental Funds		\$ 14,348,148
1	Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
	Governmental capital assets	\$ 73,710,788
	Less accumulated depreciation	<u>(38,976,403)</u>
		34,734,385
2	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
	Bonds payable, including unamortized premiums	(23,841,747)
	Lease & SBITA payables	(118,849)
	Vested vacation benefits payable	(38,466)
	Net pension liability	(9,578,039)
	Net OPEB liability	<u>(4,980,415)</u>
		(38,557,516)
3	Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.	(30,610)
4	Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.	
	Deferred outflows of resources related to pensions	7,077,321
	Deferred inflows of resources related to pensions	(3,999,248)
	Deferred outflows of resources related to OPEB	2,013,373
	Deferred inflows of resources related to OPEB	<u>(8,902,457)</u>
		(3,811,011)
5	Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.	162,500
19	Net Position of Governmental Activities	<u><u>\$ 6,845,896</u></u>

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

FABENS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data	10			98
Control Codes	General Fund	ESSER II Fund	Other Funds	Total Governmental Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 3,071,464	\$ -	\$ 937,866	\$ 4,009,330
5800 State Program Revenues	20,040,392	-	1,578,948	21,619,340
5900 Federal Program Revenues	2,172,684	3,142,402	3,905,001	9,220,087
5020 Total Revenues	<u>25,284,540</u>	<u>3,142,402</u>	<u>6,421,815</u>	<u>34,848,757</u>
EXPENDITURES				
0011 Instruction	12,239,137	1,373,876	3,283,190	16,896,203
0012 Instructional Resources & Media Services	256,443	58,149	5,135	319,727
0013 Curriculum & Instructional Staff Development	133,921	52,991	72,065	258,977
0021 Instructional Leadership	455,409	379,828	330,250	1,165,487
0023 School Leadership	1,228,570	74,216	12,326	1,315,112
0031 Guidance, Counseling & Evaluation Services	973,514	26,525	262,908	1,262,947
0032 Social Work Services	-	131,827	19,189	151,016
0033 Health Services	315,183	109,483	10,249	434,915
0034 Student Transportation	599,000	33,727	-	632,727
0035 Food Services	1,551,955	46,160	-	1,598,115
0036 Extracurricular Activities	894,812	5,073	18,992	918,877
0041 General Administration	1,389,593	25,100	-	1,414,693
0051 Facilities Maintenance and Operations	2,870,659	283,503	119,165	3,273,327
0052 Security and Monitoring Services	353,781	390,607	45,060	789,448
0053 Data Processing Services	409,102	11,404	-	420,506
0061 Community Services	31,631	4,517	47,217	83,365
0071 Debt Service - Principal	44,315	-	1,468,000	1,512,315
0072 Debt Service - Interest	6,541	-	729,256	735,797
0073 Other Debt Service Fees	-	-	3,250	3,250
0081 Facilities Acquisition and Construction	331,664	135,416	-	467,080
0099 Other Intergovernmental Charges	45,035	-	-	45,035
6030 Total Expenditures	<u>24,130,265</u>	<u>3,142,402</u>	<u>6,426,252</u>	<u>33,698,919</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,154,275</u>	<u>-</u>	<u>(4,437)</u>	<u>1,149,838</u>
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	-	-	24,838	24,838
8911 Transfers Out	(24,838)	-	-	(24,838)
7080 Total Other Financing Sources (Uses)	<u>(24,838)</u>	<u>-</u>	<u>24,838</u>	<u>-</u>
1200 Net Change in Fund Balance	1,129,437	-	20,401	1,149,838
0100 Fund Balance - Beginning	13,362,662	-	66,269	13,428,931
1300 Prior Period Adjustment	(230,621)	-	-	(230,621)
3000 Fund Balance - Ending	<u>\$ 14,261,478</u>	<u>\$ -</u>	<u>\$ 86,670</u>	<u>\$ 14,348,148</u>

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

FABENS INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2023

	Total Net Change in Fund Balances – Governmental Funds	\$ 1,149,838
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.	
	Expenditures for capitalized assets	\$ 809,503
	Less current year depreciation	<u>(1,564,330)</u> (754,827)
2	Repayment of principal on bonds, notes, leases and SBITA is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and these repayments instead reduce long-term liabilities on the Statement of Net Position.	1,512,315
4	Accumulated accretion on bonds issued by governmental activities is recognized only when paid in the governmental funds, but is treated as interest expense on the Statement of Activities as it accretes.	(18,753)
5	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.	145,027
6	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.	8,358
7	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.	11,829
8	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.	102,629
9	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.	850,707
10	Other miscellaneous differences in accounting treatments between the governmental funds and the Statement of Activities.	<u>32,001</u>
19	Change in Net Position of Governmental Activities	<u><u>\$ 3,039,124</u></u>

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

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FABENS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance With Final Budget	
	Original	Final	(GAAP BASIS)		
REVENUES					
5700	Local & Intermediate Sources	\$ 2,308,000	\$ 2,690,873	\$ 3,071,464	\$ 380,591
5800	State Program Revenues	20,048,300	19,258,943	20,040,392	781,449
5900	Federal Program Revenues	1,745,000	2,151,484	2,172,684	21,200
5020	Total Revenues	24,101,300	24,101,300	25,284,540	1,183,240
EXPENDITURES					
Current:					
0011	Instruction	14,000,000	12,350,470	12,239,137	111,333
0012	Instructional Resources & Media Svcs.	250,000	250,150	256,443	(6,293)
0013	Curriculum & Instructional Staff Dev.	215,000	165,000	133,921	31,079
0021	Instructional Leadership	500,000	475,000	455,409	19,591
0023	School Leadership	1,250,000	1,220,000	1,228,570	(8,570)
0031	Guidance, Counseling & Evaluation Svcs.	880,000	930,000	973,514	(43,514)
0032	Social Work Services	32,000	2,000	-	2,000
0033	Health Services	280,000	320,000	315,183	4,817
0034	Student Transportation	460,000	575,000	599,000	(24,000)
0035	Food Services	1,360,000	1,560,000	1,551,955	8,045
0036	Extracurricular Activities	754,300	914,300	894,812	19,488
0041	General Administration	1,150,000	1,365,000	1,389,593	(24,593)
0051	Facilities Maintenance & Operations	2,270,000	2,970,000	2,870,659	99,341
0052	Security and Monitoring Services	300,000	350,000	353,781	(3,781)
0053	Data Processing Services	220,000	420,000	409,102	10,898
0061	Community Services	40,000	34,000	31,631	2,369
Debt Service:					
0071	Principal on Long Term Debt	-	44,629	44,315	314
0072	Interest on Long Term Debt	-	6,541	6,541	-
Capital Outlay:					
0081	Facilities Acquisition & Construction	100,000	335,000	331,664	3,336
Intergovernmental:					
0099	Other Intergovernmental Charges	40,000	46,000	45,035	965
6030	Total Expenditures	24,101,300	24,333,090	24,130,265	202,825
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(231,790)	1,154,275	1,386,065
OTHER FINANCING SOURCES (USES)					
7949	Other Resources	-	51,410	-	(51,410)
8911	Transfers Out	-	-	(24,838)	(24,838)
7080	Total Other Financing Sources (Uses)	-	51,410	(24,838)	(76,248)
1200	Net Change in Fund Balances	-	(180,380)	1,129,437	1,309,817
0100	Fund Balance-September 1 (Beginning)	13,362,662	13,362,662	13,362,662	-
1300	Prior Period Adjustment	(230,621)	(230,621)	(230,621)	-
3000	Fund Balance-August 31 (Ending)	\$ 13,132,041	\$ 12,951,661	\$ 14,261,478	\$ 1,309,817

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

FABENS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2023

Data Control Codes	Private- Purpose Trust Funds	865 Custodial Fund
ASSETS		
1110 Cash and Cash Equivalents	\$ 13,373	\$ 103,625
1260 Due from Other Funds	-	12,789
1000 Total Assets	<u>13,373</u>	<u>116,414</u>
LIABILITIES		
Current Liabilities:		
2000 Total Liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Restricted for:		
3800 Individuals and Organizations	13,373	116,414
3000 Total Net Position	<u>\$ 13,373</u>	<u>\$ 116,414</u>

FABENS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Private- Purpose Trust Funds	865 Custodial Fund
ADDITIONS		
Contributions:		
5750 Fundraising Activities	\$ -	\$ 156,132
5700 Other Contributions	-	24,982
5020 Total Contributions	<u>-</u>	<u>181,114</u>
Investment Earnings:		
5742 Interest, Dividends, and Other	<u>24</u>	<u>119</u>
Total Additions	<u>24</u>	<u>181,233</u>
DEDUCTIONS		
6200 Professional and Contracted Services	-	400
6300 Supplies and Materials	-	45,655
6400 Other Operating Costs	-	138,403
6030 Total Deductions	<u>-</u>	<u>184,458</u>
1200 Net Increase/(Decrease) in Fiduciary Net Position	24	(3,225)
0100 Net Position - Beginning	<u>13,349</u>	<u>119,639</u>
3000 Net Position - Ending	<u>\$ 13,373</u>	<u>\$ 116,414</u>

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

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FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes those activities, organizations and functions related to Fabens Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as “component units”, included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Currently however, the District has no business-type activities.

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 the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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 proprietary 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. Custodial funds have no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 government considers revenues to be available if they are collected within sixty 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 expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds and Fund Types

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The Elementary & Secondary School Emergency Relief II (ESSER II) Fund, a major special revenue fund, is used to account for the receipt and disbursement of funds given under the federal grant to support activities listed in the CARES Act, CRRSA Act and ARP Act.

Additionally, the District reports the following fund types:

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds.

Private Purpose Trust Funds are fiduciary funds used to account for donations for which the donors have stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

Custodial Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Budgetary Information

Budgets are prepared annually for the General Fund, the Child Nutrition Fund, and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of June and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories - Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to thirty years, furniture and equipment - three to twenty years, and vehicles - five to ten years.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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

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

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

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

Lessor - The District is not a lessor in arrangements allowing a lessee the right to use its property. In both the government-wide financial statements and the governmental fund financial statements, the District initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

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

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

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 benefit terms. Investments are reported at fair value.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Other Post-Employment Benefits - The fiduciary net position of the Teacher Retirement System of Texas TRS Care Plan (TRS-Care) 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.

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

Fair Value Measurements - The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows below:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

2. DEPOSITS AND INVESTMENTS

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

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

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

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2023, the carrying amount of the District's deposits was \$11,226,664 and the bank balance was \$11,775,011. The District's deposits with financial institutions at August 31, 2023 and during the year ended August 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

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

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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

- a) Name of depository bank: WestStar, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$4,625,263.
- c) The largest cash, savings and time deposit combined account balance amounted to \$3,175,002 and occurred during the month of March 2023.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at August 31, 2023 consisted of the following:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pools:			
Lone Star Investment Pool	\$ 9,263,931	1	AAAm
Total Investments	\$ 9,263,931		

The District had investments in one external local governmental investment pool at August 31, 2023, consisting of the LoneStar (First Public) Investment Pool. Due to their liquidity, these investments have been reported as Cash & Cash Equivalents within the financial statements.

Lone Star (First Public)

The Corporate Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds--Government Overnight Fund and Corporate Overnight Plus Fund--also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

The Lone Star Investment Pool is sponsored by TASB. The investment advisers to the pool are American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool's operations and performance and reports its findings to First Public and the board of trustees for the Lone Star Investment Pools.

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

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2023, the District had 100% of its investments in money market accounts and local governmental investment pools.

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

3. PROPERTY TAXES

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

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2022, upon which the October 2022 levy was based was \$246,678,976. The District levied taxes based on a combined tax rate of \$1.3375 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

4. DUE FROM/TO OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of August 31, 2023 are summarized below:

Due From Other Governments:	General		Non-Major Governmental	
	Fund	ESSER II	Funds	Total
Governmental Activities:				
Foundation & Per Capita Entitlements	\$ 2,492,820	\$ -	\$ -	\$ 2,492,820
State Grants	-	-	125,837	125,837
Federal Grants	150,735	2,431,083	573,455	3,155,273
Total - Governmental Activities	\$ 2,643,555	\$ 2,431,083	\$ 699,292	\$ 5,773,930

Due To Other Governments:	General		Non-Major Governmental	
	Fund		Funds	Total
Governmental Activities:				
Foundation & Per Capita Entitlements	\$ 514,276	\$ -	\$ -	\$ 514,276
State Grants	-	-	147,038	147,038
Federal Grants	-	-	88	88
Total - Governmental Activities	\$ 514,276	\$ -	\$ 147,126	\$ 661,402

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as “Due from Other Funds” and on the balance sheet of the borrowing fund as “Due to Other Funds”. Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as “Transfers Out” for the paying fund and “Transfers In” for the receiving fund.

During the year, the General Fund transferred \$24,838 to the Debt Service Fund to provide for supplemental financing needs.

The composition of interfund balances as of August 31, 2023 was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 1,023,821
	Special Revenue Funds	2,971,534
	Debt Service Fund	193,464
Total General Fund		4,188,819
Special Revenue Funds	General Fund	410,517
Total Special Revenue Funds		410,517
Trust and Custodial Funds	General Fund	12,789
Total Trust and Custodial Funds		12,789
Grand Total		\$ 4,612,125

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

6. CAPITAL ASSETS

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

	Beginning Balance 9/1/22	Additions	Retirements	Ending Balance 8/31/23
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	\$ 636,697	\$ -	\$ -	\$ 636,697
Construction in Progress	1,457,068	331,664	-	1,788,732
Total Capital Assets, not Being Depreciated	<u>2,093,765</u>	<u>331,664</u>	<u>-</u>	<u>2,425,429</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	61,416,588	304,758	-	61,721,346
Furniture and Equipment	9,164,526	173,081	-	9,337,607
Right to Use Leased Assets	226,406	-	-	226,406
Total Capital Assets, Being Depreciated	<u>70,807,520</u>	<u>477,839</u>	<u>-</u>	<u>71,285,359</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(31,541,448)	(1,124,652)	-	(32,666,100)
Furniture and Equipment	(5,804,683)	(394,397)	-	(6,199,080)
Right to Use Leased Assets	(65,942)	(45,281)	-	(111,223)
Total Accumulated Depreciation	<u>(37,412,073)</u>	<u>(1,564,330)</u>	<u>-</u>	<u>(38,976,403)</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,489,212</u>	<u>\$ (754,827)</u>	<u>\$ -</u>	<u>\$ 34,734,385</u>

Depreciation expense was charged to the functions of the District as follows:

Function	Depreciation Allocation
Instruction	\$ 853,159
Instructional Resources & Media Services	16,144
Curriculum & Instructional Staff Development	13,077
Instructional Leadership	58,850
School Leadership	66,405
Guidance, Counseling & Evaluation Services	63,771
Social Work Services	7,625
Health Services	21,961
Student Transportation	31,949
Food Services	80,695
Extracurricular Activities	46,398
General Administration	71,434
Facilities Maintenance and Operations	165,284
Security and Monitoring Services	39,862
Data Processing Services	21,233
Community Services	4,209
Other Intergovernmental Charges	2,274
Totals	<u>\$ 1,564,330</u>

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Governmental activities long-term debt obligations at August 31, 2023 consisted of the following:

General Long-Term Debt Description	Outstanding at August 31, 2023
\$6,925,000 Unlimited Tax Refunding Bonds, Series 2021, due in annual installments of \$65,000 to \$525,000 through 2045, interest at 1.468% to 2.721%.	\$ 6,660,000
\$135,000 Unlimited Tax Refunding Bonds, Series 2021 Capital Appreciation Bond, due in annual installments of \$520,000 to \$525,000 through 2030, interest at 2.02% to 2.112%	923,763
\$1,300,000 Unlimited Tax Refunding Bonds, Series 2019, due in annual installments of \$187,000 to \$233,000 through 2025, interest at 2.1% in first year, thereafter 2.35%.	461,000
\$5,155,000 Unlimited Tax Refunding Bonds, Series 2016, due in annual installments of \$390,000 to \$520,000 through 2028; interest at 2.0% to 4.0%.	2,395,000
\$8,735,000 Unlimited Tax School Building and Refunding Bonds, Series 2016A, due in annual installments of \$80,000 to \$500,000 through 2043; interest at 2.0% to 4.0%.	8,035,000
\$1,400,000 Unlimited Tax Refunding Bonds, Series 2015, due in annual installments of \$160,000 to \$182,000 through 2024; interest at 3.3%.	182,000
\$4,960,000 Unlimited Tax School Building Bonds, Series 2015, due in annual installments of \$110,000 to \$295,000 through 2045; interest at 3.0% to 4.5%.	1,310,000
\$7,805,000 Unlimited Tax Refunding Bonds, Series 2014, due in annual installments of \$310,000 to \$585,000 through 2036; interest at 2.0% to 4.0%.	1,960,000
\$226,406 Copier Lease, with Spectrum Technologies, issued March 1, 2021, due in monthly installments of \$4,4169.61, through February 1, 2026, interest at 4.0%.	118,849
Total General Long-Term Debt	\$ 22,045,612

The following is a summary of changes in long-term liabilities for the year ended August 31, 2023:

Type	Outstanding 9/1/22	Additions	Deletions	Current Accretion	Outstanding 8/31/23	Due in One Year
Bonds Payable:						
General Obligation & Refunding Bonds	\$ 23,376,010	\$ -	\$ (1,468,000)	\$ 18,753	\$ 21,926,763	\$ 1,515,000
Premium on Issuance of Bonds	2,060,011	-	(145,027)	-	1,914,984	-
Total Bonds Payable	25,436,021	-	(1,613,027)	18,753	23,841,747	1,515,000
Other Long-Term Liabilities:						
Compensated Absences	70,467	-	(32,001)	-	38,466	-
Right to Use Leases Payable	163,164	-	(44,315)	-	118,849	46,121
Total Other Long-Term Liabilities	233,631	-	(76,316)	-	157,315	46,121
Total Governmental Activities	\$ 25,669,652	\$ -	\$ (1,689,343)	\$ 18,753	\$ 23,999,062	\$ 1,561,121

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of August 31, 2023 are as follows:

Year Ended August 31,	Bonds Payable			Total Requirements
	Principal	Accumulated Accretion	Interest	
2024	\$ 1,515,000	\$ -	\$ 680,989	\$ 2,195,989
2025	1,378,000	-	631,296	2,009,296
2026	1,440,000	-	581,211	2,021,211
2027	1,490,000	-	526,551	2,016,551
2028	1,550,000	-	466,890	2,016,890
2029-2033	4,570,000	923,763	2,731,546	8,225,309
2034-2038	5,045,000	-	950,509	5,995,509
2039-2043	3,510,000	-	331,719	3,841,719
2044-2045	505,000	-	13,809	518,809
Total	\$ 21,003,000	\$ 923,763	\$ 6,914,520	\$ 28,841,283

8. RIGHT TO USE LEASES

Leases are defined by the general government as the right to use an underlying asset. As lessee, the District recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The District calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

For additional information, refer to the disclosures on the next page.

FABENS INDEPENDENT SCHOOL DISTRICT
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Lessee

Prior to August 31, 2023, the District entered into a 60 month lease as lessee for the use of copiers for various campus locations. An initial lease liability was recorded in the amount of \$226,406. As of August 31, 2023, the value of the lease liability is \$118,849. The District is required to make monthly fixed payments of \$8,478. The lease has an interest rate of 4.0%. The value of the right to use asset as of August 31, 2023, is \$115,183 with accumulated amortization of \$111,223.

Lessor

As lessor, the District recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

As of August 31, 2023, the District has not entered into any leases as a lessor.

The debt service requirement for right to use leases payable as of August 31, 2023 are as follows:

Year Ended August 31,	Leases Payable		Total Requirements
	Principal	Interest	
2024	\$ 46,121	\$ 3,391	\$ 49,512
2025	48,000	2,354	50,354
2026	24,728	494	25,222
Total	\$ 118,849	\$ 6,239	\$ 125,088

FABENS INDEPENDENT SCHOOL DISTRICT
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9. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Annual Comprehensive Financial Report within Note 1 to the financial statements. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

C. Contributors to the Plan

Contributors to the Plan include active members, employers, and the State of Texas as the only non-employer contributing entity. The State is also 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.

The number of participating employers during fiscal year 2022 are disclosed in the following table

<u>Participating Employers</u>	
Independent School Districts	1,021
Charter Schools (open enrollment only)	197
Community and Junior Colleges	50
Senior Colleges and Universities	48
Regional Service Centers	20
Medical Schools	9
Educational Districts	2
State Agency	1
Total	1,348

FABENS INDEPENDENT SCHOOL DISTRICT
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Plan membership as of August 31, 2021 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2021 (see Section F), the Plan membership counts are as of August 31, 2021.

<u>Pension Plan Membership</u>	
Retired plan members or beneficiaries currently receiving benefits	458,133
Inactive plan members entitled to but not yet receiving benefits	501,241
Active plan members	918,545
	1,877,919
	1,877,919

The Average Expected Remaining Service Life (AERSL) of 5.7052 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the 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.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 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 this manner are determined by the System's actuary.

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

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

FABENS INDEPENDENT SCHOOL DISTRICT
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Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional education service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below:

<u>Contribution Rates</u>	<u>2022</u>	<u>2023</u>
Members	8.00%	8.00%
Employer	7.75%	8.00%
State of Texas (NECE)	7.75%	8.00%
 <u>Contribution Amounts</u>		
Members	\$ 1,368,417	\$ 1,496,076
Employer	611,249	910,787
State of Texas (NECE)	1,052,371	900,393

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2022 are shown below:

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

F. Actuarial Methods and Assumptions

Roll Forward

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate 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 in the chart below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return*	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	(6.00)%	3.60%	(0.05)%
Inflation Expectation			2.70%
Volatility Drag****			(0.91)%
Expected Return	<u>100.00%</u>		<u>8.19%</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 08/31/2022)

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

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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The following table discloses the assumptions that were applied to this measurement period.

Actuarial Methods and 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 Rate	7.00%
Municipal Bond Rate as of August 2022	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

The actuarial 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.

G. 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 nonemployer contributing entity will be made at the rates set by the Legislature during the 2019 legislative 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 these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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.

H. Change of Assumptions Since the Prior Measurement Date

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.

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

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

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Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption			
	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Net Pension Liability:	\$ 14,899,797	\$ 9,578,039	\$ 5,264,504

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last measured as of 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 District was assigned a proportion of the Plan's Net Pension Liability based on the District's contributions to the Plan relative to the contributions of all employers for the period September 1, 2021 through August 31, 2022.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State's proportionate share of the Net Pension Liability associated with the District.

	Measurement Date		Change
	8/31/21	8/31/22	
District's Proportion of the Collective Net Pension Liability	0.000146827865	0.000161334918	0.000014507053
District's Proportionate Share of the Net Pension Liability	\$ 3,739,186	\$ 9,578,039	\$ 5,838,853
State's Proportionate Share of the Net Pension Liability Associated with the District	5,045,349	10,069,532	5,024,183
Total Pension Liability	\$ 8,784,535	\$ 19,647,571	\$ 10,863,036

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 138,881	\$ 208,819
Changes in actuarial assumptions	1,784,700	444,797
Difference between projected and actual investment earnings	3,721,453	2,775,173
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	521,500	570,459
Contributions paid to TRS subsequent to the measurement date	910,787	-
Total	\$ 7,077,321	\$ 3,999,248

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

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Measurement Year Ended August 31,	Pension Expense Amount
2023	\$ 501,547
2024	223,831
2025	55,324
2026	1,163,916
2027	222,668
Thereafter	-

For the year ended August 31, 2023, Fabens Independent School District recognized pension expense of (\$102,629) and revenue of \$962,534 for support provided by the State.

10. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2023, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$175 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

A. Plan Description

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) 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 Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with the 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. Further detailed information regarding TRS and TRS-Care is available in a separately issued Annual Comprehensive Financial Report for TRS that includes financial statements and required supplementary information. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. 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.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$300,000,000 as of August 31, 2022.

FABENS INDEPENDENT SCHOOL DISTRICT
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C. Contributors to TRS-Care

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2022, the number of participating employers are presented in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,020
Open Enrollment Charter Schools	197
Regional Service Centers	20
Other Educational Districts	<u>2</u>
Total	<u><u>1,239</u></u>

TRS-Care plan membership as of August 31, 2021 is shown in the following table. Because the actuarial valuation was based on a roll-forward (See Section F), the counts are as of that date.

<u>TRS-Care Plan Membership</u>	
Active plan members	751,105
Inactive plan members currently receiving benefits	188,016
Inactive plan members entitled to but not yet receiving benefits	13,014
Total	<u><u>952,135</u></u>

The Average Expected Remaining Service Life (AERSL) of 9.2179 is based on the membership information as of the beginning of the fiscal year.

D. 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 participating employers are based on active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee rate which is 0.65 percent of salary. Section 1575.204 establishes a public school 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 employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2022.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown on the next page:

FABENS INDEPENDENT SCHOOL DISTRICT
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<u>Contribution Rates</u>	<u>2022</u>	<u>2023</u>
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%

<u>Contribution Amounts</u>		
Members	\$ 123,531	\$ 121,063
Employer	291,701	197,502
State of Texas (NECE)	185,714	158,893

* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2022 totaled \$11,849,525.

A supplemental appropriation was authorized by Senate Bill 8 of the third-called legislature that granted \$83 million to TRS-Care from the federal American Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

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

TRS-Care Monthly Premium Rates			
	<u>Medicare</u>	<u>Non-Medicare</u>	
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	

E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2022 are disclosed in the following table.

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

The Net OPEB Liability decreased by \$14.7 billion, from \$38.6 billion as of August 31, 2021, to \$23.9 billion as of August 31, 2022. The decrease was due to a combination of favorable claims experience, changes in participation assumptions, and a large increase in the discount rate from 1.95 percent to 3.91 percent.

FABENS INDEPENDENT SCHOOL DISTRICT
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F. Actuarial Methods and Assumptions

Roll Forward

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.

Demographic Assumptions

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

Mortality Assumptions

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. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

Election Rates

Normal Retirement - 65 percent participation rate prior to age 65 and 25 percent participation rate after age 65.
 Pre-65 retirees - 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65.

Health Care Trend Rates

The initial medical trend rates were 8.25 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. The initial prescription drug trend rate was 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.

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

G. Discount Rate

A single discount rate of 3.91 percent was used to measure the total OPEB liability. This was an increase of 1.96 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

FABENS INDEPENDENT SCHOOL DISTRICT
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H. Change of Assumptions Since the Prior Measurement Date

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

I. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.91 percent or one percentage point higher, 4.91 percent, than the AA/Aa rate. The source for the rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index", as of August 31, 2022.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption			
	1% Decrease 2.91%	Current Single Discount Rate 3.91%	1% Increase 4.91%
District's Proportionate Share of the Net OPEB Liability	\$ 5,872,304	\$ 4,980,415	\$ 4,257,870

J. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one-percent higher than the assumed healthcare cost trend rate.

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 4,103,884	\$ 4,980,415	\$ 6,116,724

K. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last measured as of 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 District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2021 through August 31, 2022.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

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The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

	Measurement Date		Change
	8/31/21	8/31/22	
District's Proportion of the Collective Net OPEB Liability	0.000194753865	0.000208002567	0.000013248702
District's Proportionate Share of the Net OPEB Liability	\$ 7,512,527	\$ 4,980,415	\$ (2,532,112)
State's Proportionate Share of the Net OPEB Liability Associated with the District	10,065,112	6,075,323	(3,989,789)
Total OPEB Liability	<u>\$ 17,577,639</u>	<u>\$ 11,055,738</u>	<u>\$ (6,521,901)</u>

At August 31, 2023, Fabens Independent School 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 276,893	\$ 4,149,132
Changes in actuarial assumptions	758,616	3,460,096
Difference between projected and actual investment earnings	14,889	54
Change in proportion and difference between the employer's contributions and the proportionate share of contributions	765,473	1,293,175
Contributions paid to TRS subsequent to the measurement date	197,502	-
Total	<u>\$ 2,013,373</u>	<u>\$ 8,902,457</u>

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

Measurement Year Ended August 31,	OPEB Expense Amount
2023	\$ (1,341,437)
2024	(1,341,384)
2025	(1,130,183)
2026	(844,254)
2027	(948,176)
Thereafter	(1,481,152)

For the year ended August 31, 2023, Fabens Independent School District recognized OPEB expense of (\$850,707) and revenue of (\$862,138) for support provided by the State.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

12. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2023 and August 31, 2022, the subsidy payments received by TRS-Care on behalf of the District were \$99,550 and \$69,977, respectively.

13. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

14. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	Non-Major Governmental Funds	Trust Funds	Custodial Funds	Total
Property Taxes	\$ 2,429,258	\$ 797,930	\$ -	\$ -	\$ 3,227,188
Investment Income	486,936	32,714	24	119	519,793
Rent	3	-	-	-	3
Gifts	-	35,000	-	-	35,000
Food Sales	41,552	-	-	-	41,552
Athletics	21,458	-	-	-	21,458
Enterprising Revenues	4,386	26,972	-	-	31,358
Miscellaneous Local Revenue	87,871	45,250	-	181,114	314,235
Total	<u>\$ 3,071,464</u>	<u>\$ 937,866</u>	<u>\$ 24</u>	<u>\$ 181,233</u>	<u>\$ 4,190,587</u>

15. UNEARNED REVENUE

Unearned revenue at August 31, 2023 consisted of the following amounts:

Fund	State Grants	Federal Grants	Total
General Fund	\$ -	\$ 28,986	\$ 28,986
Non-Major Governmental Funds	12,814	371,052	383,866
Total	<u>\$ 12,814</u>	<u>\$ 400,038</u>	<u>\$ 412,852</u>

16. RISK MANAGEMENT

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

17. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended August 31, 2023, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

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FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

18. SELF-INSURANCE FUND

The District has a partially self-insured workers' compensation plan administered by Claims Administrative Services, Inc. ("CAS"). The claim liability below is an estimate of potential loss exposure on workers' compensation claims at year end which includes incurred but not reported ("IBNR") claims and claims reported but not paid. A reconciliation of the estimated claim liability is as follows:

A reconciliation of the estimated claim liability is as follows:

Year Ended August 31,	Beginning Liability	Estimated Current Year Claims	Claim Payments	Ending Liability
2021	\$ 188,437	\$ 52,848	\$ (42,206)	\$ 199,079
2022	199,079	111,992	(67,227)	243,844
2023	243,844	104,900	(148,494)	200,250

19. PRIOR PERIOD ADJUSTMENT

During the year, the District examined expenditures previously recorded in a special revenue fund as of August 31, 2022. It was determined that a prior period adjustment was needed to record these expenditures instead in the General Fund for that year ended. See tables below showing the change made in the General Fund and as a result in governmental activities.

	General Fund
Fund balance as previously stated at August 31, 2022	\$ 13,362,662
Effect of reclass of expenditures	(230,621)
Fund balance as restated at August 31, 2022	<u>\$ 13,132,041</u>

	Governmental Activities
Net position as previously stated at August 31, 2022	\$ 4,037,393
Effect of prior period adjustment	(230,621)
Net Position as restated at August 31, 2022	<u>\$ 3,806,772</u>

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REQUIRED SUPPLEMENTARY INFORMATION

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2023

	Measurement Year			
	2022	2021	2020	2019
District's Proportion of the Net Pension Liability	0.0161334918%	0.0146827865%	0.0147289136%	0.0163083241%
District's Proportionate Share of the Net Pension Liability	\$ 9,578,039	\$ 3,739,186	\$ 7,888,506	\$ 8,477,577
State's Proportionate Share of the District Net Pension Liability	10,069,532	5,045,349	11,008,114	10,975,719
Total Pension Liability	<u>\$ 19,647,571</u>	<u>\$ 8,784,535</u>	<u>\$ 18,896,620</u>	<u>\$ 19,453,296</u>
District's Covered-Employee Payroll	\$ 18,333,886	\$ 17,304,768	\$ 17,134,312	\$ 16,691,316
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	52.24%	21.61%	46.04%	50.79%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	75.62%	88.79%	75.54%	75.24%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 68.

Measurement Year				
2018	2017	2016	2015	2014
0.0174614181%	0.0177765326%	0.0179081100%	0.0198328000%	0.0155416000%
\$ 9,611,188	\$ 5,683,977	\$ 6,767,209	\$ 7,010,631	\$ 4,151,377
<u>12,405,726</u>	<u>7,624,311</u>	<u>9,412,606</u>	<u>9,182,430</u>	<u>8,203,939</u>
<u>\$ 22,016,914</u>	<u>\$ 13,308,288</u>	<u>\$ 16,179,815</u>	<u>\$ 16,193,061</u>	<u>\$ 12,355,316</u>
\$ 17,071,247	\$ 17,040,680	\$ 16,880,401	\$ 17,103,249	\$ 16,923,535
56.30%	33.36%	40.09%	40.99%	24.53%
73.74%	82.17%	78.00%	78.43%	83.25%

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS –
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2023

	Fiscal Year			
	2023	2022	2021	2020
Contractually Required Contribution	\$ 910,787	\$ 611,249	\$ 626,343	\$ 608,383
Contribution in Relation to the Contractually Required Contribution	<u>(910,787)</u>	<u>(611,249)</u>	<u>(626,343)</u>	<u>(608,383)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 19,842,384	\$ 18,333,886	\$ 17,304,768	\$ 17,134,312
Contributions as a Percentage of Covered-Employee Payroll	4.59%	3.33%	3.62%	3.55%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 68 and will eventually reflect ten years of data.

Fiscal Year				
2019	2018	2017	2016	2015
\$ 579,560	\$ 588,261	\$ 606,176	\$ 590,529	\$ 587,240
<u>(579,560)</u>	<u>(588,261)</u>	<u>(606,176)</u>	<u>(590,529)</u>	<u>(587,240)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,691,316	\$ 17,071,247	\$ 17,040,680	\$ 16,880,401	\$ 17,103,249
3.47%	3.45%	3.56%	3.50%	3.43%

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

	Measurement Year			
	2022	2021	2020	2019
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0208002567%	0.0194753865%	0.0197960748%	0.0214129962%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$ 4,980,415	\$ 7,512,527	\$ 7,525,382	\$ 10,126,468
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	<u>6,075,323</u>	<u>10,065,112</u>	<u>10,112,310</u>	<u>13,455,811</u>
Total Other Post Employment Benefits Liability	<u>\$ 11,055,738</u>	<u>\$ 17,577,639</u>	<u>\$ 17,637,692</u>	<u>\$ 23,582,279</u>
District's Covered Payroll	\$ 18,333,886	\$ 17,304,768	\$ 17,134,312	\$ 16,691,316
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	27.17%	43.41%	43.92%	60.67%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	11.52%	6.18%	4.99%	2.66%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 75.

<u>Measurement Year</u>	
<u>2018</u>	<u>2017</u>
0.0227334048%	0.0225017789%
\$ 11,350,997	\$ 9,785,180
<u>13,387,260</u>	<u>12,262,692</u>
<u>\$ 24,738,257</u>	<u>\$ 22,047,872</u>
\$ 17,071,247	\$ 17,071,247
66.49%	57.32%
1.57%	0.91%

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED AUGUST 31, 2023

	Fiscal Year			
	2023	2022	2021	2020
Contractually Required Contribution	\$ 197,502	\$ 291,701	\$ 152,155	\$ 150,320
Contribution in Relation to the Contractually Required Contribution	<u>(197,502)</u>	<u>(291,701)</u>	<u>(152,155)</u>	<u>(150,320)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 19,842,384	\$ 18,333,886	\$ 17,304,768	\$ 17,134,312
Contributions as a Percentage of Covered Payroll	1.00%	1.59%	0.88%	0.88%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

Fiscal Year		
2019	2018	2017
\$ 155,235	\$ 156,834	\$ 93,422
(155,235)	(156,834)	(93,422)
\$ -	\$ -	\$ -
\$ 16,691,316	\$ 17,071,247	\$ 17,040,680
0.93%	0.92%	0.55%

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FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

Teacher Retirement System

Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB 68. Actuarial methods and assumptions used for funding purposes can be found in the Teacher Retirement System of Texas Pension Plan note to the financial statements.

Changes of Benefit Terms

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

Changes of Assumptions

- 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.
-

Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS-Care note to the financial statements.

Changes of Benefit Terms

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$300,000,000 as of August 31, 2022.

Changes of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

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

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

FABENS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2023

Data	211	212	224	225	244
Control				IDEA-Part	Career and
Codes	ESEA, Title	ESEA, Title	IDEA-Part	B,	Technical-
	I, Part A	I, Part C	B, Formula	Preschool	Basic Grant
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	328,643	23,998	27,083	1,302
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 328,643</u>	<u>\$ 23,998</u>	<u>\$ 27,083</u>	<u>\$ 1,302</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	129,690	-	16,611	115
2170	Due to Other Funds	198,953	23,998	10,472	1,755
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>328,643</u>	<u>23,998</u>	<u>27,083</u>	<u>1,302</u>
DEFERRED INFLOWS OF RESOURCES					
2600	Unavailable Revenue	-	-	-	-
	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
	Restricted for:				
3490	Other Restricted Fund Balance	-	-	-	-
	Assigned for:				
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liab., Def. Inflows & Fund Balances	<u>\$ 328,643</u>	<u>\$ 23,998</u>	<u>\$ 27,083</u>	<u>\$ 1,302</u>

255	263	279	282	284	285	289	397
ESEA, Title II, Part A	Title III, Part A	TCLAS - ESSER III	ESSER III	IDEA-Part B, Formula-ARP	IDEA - Part B, Preschool-ARP	Federally Funded Spec. Rev. Fund	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,267	31,674	53,334	-	51,950	-	24,334	-
-	-	-	405,632	-	88	-	344
<u>\$ 29,267</u>	<u>\$ 31,674</u>	<u>\$ 53,334</u>	<u>\$ 405,632</u>	<u>\$ 51,950</u>	<u>\$ 88</u>	<u>\$ 24,334</u>	<u>\$ 344</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 968	\$ -
7,254	-	3,245	40,416	-	-	-	-
22,013	31,674	50,089	-	51,950	-	17,530	-
-	-	-	-	-	88	-	-
-	-	-	365,216	-	-	5,836	344
<u>29,267</u>	<u>31,674</u>	<u>53,334</u>	<u>405,632</u>	<u>51,950</u>	<u>88</u>	<u>24,334</u>	<u>344</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 29,267</u>	<u>\$ 31,674</u>	<u>\$ 53,334</u>	<u>\$ 405,632</u>	<u>\$ 51,950</u>	<u>\$ 88</u>	<u>\$ 24,334</u>	<u>\$ 344</u>

FABENS INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2023

	410	429	461	480	481
Data		State		Locally	Locally
Control	State	Funded		Funded	Funded
Codes	Instructional	Special	Campus	Special	Special
	Materials	Revenue	Activity	Revenue	Revenue
	Fund	Fund	Funds	Fund	Fund
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 10,702	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	-	125,837	-	-
1260	Due from Other Funds	470	-	10,702	12,000
1000	Total Assets	<u>\$ 470</u>	<u>\$ 125,837</u>	<u>\$ 21,404</u>	<u>\$ 12,000</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	125,837	10,702	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	470	-	-	12,000
2000	Total Liabilities	<u>470</u>	<u>125,837</u>	<u>10,702</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2600	Unavailable Revenue	-	-	-	-
	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
3490	Other Restricted Fund Balance	-	-	-	-
Assigned for:					
3590	Other Assigned Fund Balance	-	-	10,702	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>10,702</u>	<u>-</u>
4000	Total Liab., Def. Inflows & Fund Balances	<u>\$ 470</u>	<u>\$ 125,837</u>	<u>\$ 21,404</u>	<u>\$ 12,000</u>

482	498	499	599	
Locally Funded Special Revenue Fund	Local Grant Fund	Local Grant Fund	Debt Service Fund	Total Non- Major Government al Funds
\$ -	\$ -	\$ -	\$ 340,502	\$ 351,204
-	-	-	105,347	105,347
-	-	-	(71,638)	(71,638)
-	-	-	-	699,292
74,387	1,581	-	-	505,204
<u>\$ 74,387</u>	<u>\$ 1,581</u>	<u>\$ -</u>	<u>\$ 374,211</u>	<u>\$ 1,589,409</u>
\$ -	\$ -	\$ -	\$ -	\$ 968
-	-	-	-	197,331
-	-	-	193,464	739,739
-	-	-	147,038	147,126
-	-	-	-	383,866
-	-	-	340,502	1,469,030
-	-	-	33,709	33,709
-	-	-	33,709	33,709
74,387	1,581	-	-	75,968
-	-	-	-	10,702
<u>74,387</u>	<u>1,581</u>	<u>-</u>	<u>-</u>	<u>86,670</u>
<u>\$ 74,387</u>	<u>\$ 1,581</u>	<u>\$ -</u>	<u>\$ 374,211</u>	<u>\$ 1,589,409</u>

FABENS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

Data	211	212	224	225	244
Control				IDEA-Part	Career and
Codes	ESEA, Title	ESEA, Title	IDEA-Part	B,	Technical-
	I, Part A	I, Part C	B, Formula	Preschool	Basic Grant
REVENUES					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-	-
5900 Federal Program Revenues	1,434,310	108,464	375,976	6,258	32,539
5020 Total Revenues	1,434,310	108,464	375,976	6,258	32,539
EXPENDITURES					
0011 Instruction	1,419,575	17,774	162,643	4,258	32,539
0012 Instructional Resources & Media Services	-	-	-	-	-
0013 Curriculum & Instructional Staff Devel.	6,361	-	510	2,000	-
0021 Instructional Leadership	(757)	51,422	477	-	-
0023 School Leadership	-	-	8,145	-	-
0031 Guidance, Counseling & Evaluation Serv.	-	2,246	202,711	-	-
0032 Social Work Services	-	1,490	-	-	-
0033 Health Services	-	196	1,490	-	-
0036 Extracurricular Activities	-	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-
0061 Community Services	9,131	35,336	-	-	-
0071 Debt Service - Principal	-	-	-	-	-
0072 Debt Service - Interest	-	-	-	-	-
0073 Debt Service - Bond Issuance Costs	-	-	-	-	-
6030 Total Expenditures	1,434,310	108,464	375,976	6,258	32,539
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES)					
7915 Transfers In	-	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-	-
0100 Fund Balance - Beginning	-	-	-	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

255	263	279	282	284	285	289	397
ESEA, Title II, Part A	Title III, Part A	TCLAS - ESSER III	ESSER III	IDEA-Part B, Formula-ARP	IDEA - Part B, Preschool-ARP	Federally Funded Spec. Rev. Fund	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
147,252	76,676	227,751	1,369,744	51,950	2,095	71,986	-
147,252	76,676	227,751	1,369,744	51,950	2,095	71,986	-
147,252	73,926	131,488	1,059,384	32,176	2,095	40,663	-
-	-	-	103	172	-	4,860	-
-	-	-	62,344	-	-	850	-
-	-	96,263	177,845	-	-	-	-
-	-	-	-	-	-	1,181	-
-	-	-	1,014	17,334	-	5,440	-
-	-	-	17,699	-	-	-	-
-	-	-	6,295	2,268	-	-	-
-	-	-	-	-	-	18,992	-
-	-	-	-	-	-	-	-
-	-	-	45,060	-	-	-	-
-	2,750	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
147,252	76,676	227,751	1,369,744	51,950	2,095	71,986	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FABENS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

	410	429	461	480	481
Data	State	State		Locally	Locally
Control	Instructional	Funded		Funded	Funded
Codes	Materials	Special	Campus	Special	Special
	Fund	Revenue	Activity	Revenue	Revenue
	Fund	Fund	Funds	Fund	Fund
REVENUES					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ 26,991	\$ 39,250	\$ -
5800 State Program Revenues	93,514	140,391	-	-	-
5900 Federal Program Revenues	-	-	-	-	-
5020 Total Revenues	93,514	140,391	26,991	39,250	-
EXPENDITURES					
0011 Instruction	93,514	21,226	33,667	6,250	-
0012 Instructional Resources & Media Services	-	-	-	-	-
0013 Curriculum & Instructional Staff Devel.	-	-	-	-	-
0021 Instructional Leadership	-	-	-	5,000	-
0023 School Leadership	-	-	-	3,000	-
0031 Guidance, Counseling & Evaluation Serv.	-	-	-	25,000	-
0032 Social Work Services	-	-	-	-	-
0033 Health Services	-	-	-	-	-
0036 Extracurricular Activities	-	-	-	-	-
0051 Facilities Maintenance and Operations	-	119,165	-	-	-
0052 Security and Monitoring Services	-	-	-	-	-
0061 Community Services	-	-	-	-	-
0071 Debt Service - Principal	-	-	-	-	-
0072 Debt Service - Interest	-	-	-	-	-
0073 Debt Service - Bond Issuance Costs	-	-	-	-	-
6030 Total Expenditures	93,514	140,391	33,667	39,250	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(6,676)	-	-
OTHER FINANCING SOURCES (USES)					
7915 Transfers In	-	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-	-
1200 Net Change in Fund Balance	-	-	(6,676)	-	-
0100 Fund Balance - Beginning	-	-	17,378	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ 10,702	\$ -	\$ -

	482	498	499	599	
	Locally Funded Special Revenue Fund	Local Grant Fund	Local Grant Fund	Debt Service Fund	Total Non- Major Governmental Funds
\$	35,000	\$ 6,000	\$ -	\$ 830,625	\$ 937,866
	-	-	-	1,345,043	1,578,948
	-	-	-	-	3,905,001
	35,000	6,000	-	2,175,668	6,421,815
	-	4,760	-	-	3,283,190
	-	-	-	-	5,135
	-	-	-	-	72,065
	-	-	-	-	330,250
	-	-	-	-	12,326
	-	1,485	7,678	-	262,908
	-	-	-	-	19,189
	-	-	-	-	10,249
	-	-	-	-	18,992
	-	-	-	-	119,165
	-	-	-	-	45,060
	-	-	-	-	47,217
	-	-	-	1,468,000	1,468,000
	-	-	-	729,256	729,256
	-	-	-	3,250	3,250
	-	6,245	7,678	2,200,506	6,426,252
	35,000	(245)	(7,678)	(24,838)	(4,437)
	-	-	-	24,838	24,838
	-	-	-	24,838	24,838
	35,000	(245)	(7,678)	-	20,401
	39,387	1,826	7,678	-	66,269
\$	74,387	\$ 1,581	\$ -	\$ -	\$ 86,670

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31,	1		2	3
	Tax Rates			Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	Various	
2014	Various		Various	Various
2015	1.04000	0.22190	\$	164,053,412
2016	1.04000	0.29030		161,161,618
2017	1.04000	0.29400		163,276,559
2018	1.04000	0.28780		190,829,417
2019	1.17000	0.15780		195,145,319
2020	1.06830	0.27000		209,081,746
2021	1.05470	0.28080		217,356,215
2022	1.02950	0.30300		228,266,867
2023	(School year under audit)		0.33210	246,678,976
TOTALS				

Total amount of Taxes Refunded under Section 26.1115, Tax Code, for owners who received an exemption as provided by Section 11.42(f), Tax Code

	10	20	31	32	40	50
	Beginning	Current	Maintenance	Debt Service	Entire	Ending
	Balance	Year's	Collections	Collections	Year's	Balance
	9/1/22	Total Levy			Adjustments	8/31/23
\$	187,191	\$ -	\$ 2,590	\$ 553	\$ (8,918)	\$ 175,130
	10,336	-	106	23	(285)	9,922
	11,781	-	553	155	(339)	10,734
	13,463	-	1,517	429	(339)	11,178
	19,375	-	2,517	696	(727)	15,435
	23,449	-	2,992	404	(161)	19,892
	32,404	-	(40)	(10)	(6,600)	25,854
	48,368	-	2,341	623	(10,160)	35,244
	124,476	-	40,919	12,043	(19,099)	52,415
	-	3,299,331	2,328,188	769,039	(50,088)	152,016
\$	470,843	\$ 3,299,331	\$ 2,381,683	\$ 783,955	\$ (96,716)	\$ 507,820

\$ 1,567

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance With Final Budget
		Original	Final	Amounts	
				(GAAP BASIS)	
REVENUES					
5700	Local & Intermediate Sources	\$ 20,000	\$ 43,000	\$ 60,550	\$ 17,550
5800	State Program Revenues	-	5,800	5,950	150
5900	Federal Program Revenues	1,360,000	1,331,200	1,580,926	249,726
5020	Total Revenues	<u>1,380,000</u>	<u>1,380,000</u>	<u>1,647,426</u>	<u>267,426</u>
EXPENDITURES					
0035	Food Services	1,360,000	1,560,000	1,551,955	8,045
0051	Facilities Maintenance & Operations	20,000	20,000	30,069	(10,069)
6030	Total Expenditures	<u>1,380,000</u>	<u>1,580,000</u>	<u>1,582,024</u>	<u>(2,024)</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(200,000)</u>	<u>65,402</u>	<u>265,402</u>
1200	Net Change in Fund Balances	-	(200,000)	65,402	265,402
0100	Fund Balance-September 1 (Beginning)	591,072	591,072	591,072	-
3000	Fund Balance-August 31 (Ending)	<u>\$ 591,072</u>	<u>\$ 391,072</u>	<u>\$ 656,474</u>	<u>\$ 265,402</u>

FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
REVENUES					
5700	Local & Intermediate Sources	\$ 602,936	\$ 689,500	\$ 830,626	\$ 141,126
5800	State Program Revenues	1,594,320	1,507,756	1,345,042	(162,714)
5020	Total Revenues	<u>2,197,256</u>	<u>2,197,256</u>	<u>2,175,668</u>	<u>(21,588)</u>
EXPENDITURES					
Debt Service:					
0071	Principal on Long Term Debt	2,197,256	1,478,756	1,468,000	10,756
0072	Interest on Long Term Debt	-	715,000	729,256	(14,256)
0073	Other Debt Service Fees	-	3,500	3,250	250
6030	Total Expenditures	<u>2,197,256</u>	<u>2,197,256</u>	<u>2,200,506</u>	<u>(3,250)</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(24,838)</u>	<u>(24,838)</u>
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	-	-	24,838	24,838
7080	Total Other Finance Sources (Uses)	<u>-</u>	<u>-</u>	<u>24,838</u>	<u>24,838</u>
1200	Net Change in Fund Balances	-	-	-	-
0100	Fund Balance-September 1 (Beginning)	-	-	-	-
3000	Fund Balance-August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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FABENS INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		1 Responses
	Section A: Compensatory Education Programs	
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 2,863,822
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 2,255,907
	Section B: Bilingual Education Programs	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 595,009
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 251,393

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FABENS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		1 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
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If 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.)	Yes
	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.	
	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.	
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 in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$ 923,763

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FEDERAL AWARDS SECTION

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

To the Board of Trustees of
Fabens Independent School District

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 Fabens Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Fabens Independent School District's basic financial statements and have issued our report thereon dated December 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fabens Independent School 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 Fabens Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fabens Independent School District's internal control.

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

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

Report on Compliance and Other Matters

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

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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.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Alpine, Texas

December 22, 2023

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Trustees of
Fabens Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Fabens Independent School 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 Fabens Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fabens Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Fabens Independent School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fabens Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Fabens Independent School 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 Fabens Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fabens Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fabens Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance

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.

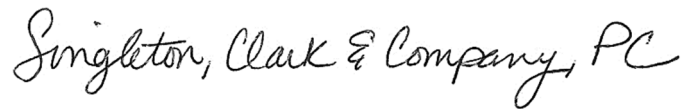
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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.

Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance*

We have audited the financial statements of Fabens Independent School District as of and for the year ended August 31, 2023, and have issued our report thereon dated December 22, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Singleton, Clark & Company, PC
Alpine, Texas

December 22, 2023

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FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	1 Federal ALN Number	2a Pass-Through Entity Identifying Number	3 Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Awards</u>			
Navy Junior Reserve Officer Training Corps	12.000		\$ 124,913
Total Direct Awards			<u>124,913</u>
<u>Passed through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101071903	1,494,250
ESEA, Title I, Part C - Education of Migratory Children	84.011A	23615001071903	112,997
IDEA - Part B, Formula ¹	84.027A	23660001719036600	391,688
COVID-19, IDEA Part B, Formula - ARP ¹	84.027X	225350010719035350	51,950
Total Assistance Listing Number 84.027			<u>443,638</u>
IDEA - Part B, Preschool ¹	84.173A	236610010719036610	6,520
COVID-19, IDEA - Part B, Preschool - ARP ¹	84.173X	2253600207190353560	2,095
Total Assistance Listing Number 84.173			<u>8,615</u>
Career and Technical Education - Basic Grant	84.048A	23420006071903	33,888
ESEA, Title II, Part A - Teacher and Principal Training	84.367A	23694501071903	152,834
Title III, Part A - English Lang. Acquisition and Enhancement	84.365A	23671001071903	79,880
COVID-19, TCLAS - ESSER III	84.425U	21528042071903	227,751
COVID-19, ESSER II	84.425D	21521001071903	3,180,752
COVID-19, ESSER III	84.425U	21528001071903	1,464,957
Total Assistance Listing Number 84.425			<u>4,873,460</u>
Title IV, Part A, Subpart 1	84.424A	23680101071903	75,011
Total Passed through Texas Education Agency			<u>7,274,573</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>7,399,486</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed through Texas Education Agency</u>			
National School Breakfast Program ²	10.553	71402301	264,332
National School Lunch Program ²	10.555	71302301	1,041,713
Total Passed through Texas Education Agency			<u>1,306,045</u>
<u>Passed through Texas Department of Agriculture</u>			
Food Distribution Program - Non-Cash Assistance ²	10.555	NT4XL1YGLGC5	41,683
Supply Chain Assistance Program ²	10.555	NT4XL1YGLGC5	73,116
Total Assistance Listing Number 10.555			<u>114,799</u>
Child and Adult Care Food Program	10.558	NT4XL1YGLGC5	87,814
State Administrative Expense Funds - Commodity Storage	10.560	NT4XL1YGLGC5	1,379
Fresh Fruit and Vegetable Program	10.582	NT4XL1YGLGC5	67,754
COVID-19, Pandemic Electronic Benefit Transfer	10.649	NT4XL1YGLGC5	3,135
Total Passed through Texas Department of Agriculture			<u>274,881</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,580,926</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 8,980,412</u>
<i>Not Considered Federal Financial Assistance:</i>			
School Health and Related Services (SHARS) Revenue			<u>\$ 239,675</u>
TOTAL FEDERAL REVENUE PER STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE			<u>\$ 9,220,087</u>

¹ Special Education (IDEA) Cluster as defined in OMB Compliance Supplement.

² Child Nutrition Cluster as defined in OMB Compliance Supplement.

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FABENS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal awards expenditures of Fabens Independent School District (the “District”) under programs of the federal government for the year ended August 31, 2023. The information in the accompanying 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, change in net position, or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The expenditures reported on the Schedule are presented using the modified-accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified-accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Expenditures for the National School Lunch Program, School Breakfast Program and the Food Distribution Program are shown on the Schedule in an amount equal to the related revenue, but are not specifically attributable to this revenue source. Expenditures are reported in this manner due to the Child Nutrition Fund being a fund that combines local, state, and federal revenues, and spends those resources together to support the overall operations of the Child Nutrition Program.

The District has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Relationship to Basic Financial Statements - Expenditures of federal awards are reported in the District’s basic financial statements in the special revenue funds.

Relationship to Federal Financial Reports - Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-Cash Programs – The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

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FABENS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major programs:

Elementary & Secondary School Emergency Relief (ESSER) Funds	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the federal Uniform Guidance? Yes No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
84.425D, 84.425U	ESSER II, ESSER III, ESSER III TCLAS

Dollar threshold used to distinguish Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

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FABENS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the year ended August 31, 2023.

Prior year financial statement findings as required to be restated with current status:

2022-001 Budgetary Compliance

Criteria: Each year the District’s Board of Trustees adopts appropriation budgets which limit expenditure amounts within specific line item functions.

Condition Found: As of year end, actual expenditure amounts exceeded materially amended budget functions as follows: in the General Fund in functions 33, 34, 51, 53 and Transfers Out; in the Child Nutrition Fund in functions 35 and 31; and in the Debt Service Fund in function 72.

Cause: The District did not properly amend its budgets as of year end.

Effect: The effect of this condition is a technical noncompliance with the District’s legally adopted budgets.

Recommendation: We recommend District management closely monitor expenditure amounts at a function level in an legally adopted budgets and seek amendments as needed by year end.

Current Status: Not observed in the current year.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the years ended August 31, 2023 and August 31, 2022.