

**SABINE
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

Introductory Section

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Sabine Independent School District
Annual Financial Report
For The Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board.....	5	
FINANCIAL SECTION		
Independent Auditors' Report.....	9	
Management's Discussion and Analysis (Required Supplementary Information).....	12	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	20	A-1
Statement of Activities.....	21	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	22	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position.....	25	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	26	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	29	C-3
Statement of Revenues, Expenditures and Changes in Fund		
Balances - Budget (GAAP Basis) and Actual - General Fund.....	30	C-4
Statement of Fiduciary Net Position - Fiduciary Funds.....	32	E-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	33	E-2
Notes to the Financial Statements	34	
<u>Required Supplementary Information</u>		
Schedule of the District's Proportionate Share of the		
Net Pension Liability - Teacher Retirement System Of Texas.....	60	G-1
Schedule of District's Contributions - Teacher Retirement System Of Texas.....	61	G-2
Schedule of the District's Proportionate Share of the		
Net OPEB Liability - OPEB Plan.....	62	G-3
Schedule of District's Contributions - OPEB Plan.....	63	G-4
Notes to Required Supplementary Information.....	64	
<u>Combining Statements as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	66	H-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	67	H-2
Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	68	H-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	74	H-4

Sabine Independent School District
Annual Financial Report
For The Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedules Required by the Texas Education Agency:		
Schedule of Delinquent Taxes Receivable.....	82	J-1
National School Breakfast and Lunch Program.....	84	J-2
Debt Service Fund.....	85	J-3
Use of Funds Report - Select State Allotment Program	86	J-4
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87	
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	89	
Schedule of Findings and Questioned Costs	92	
Summary Schedule of Prior Audit Findings.....	93	
Corrective Action Plan.....	94	
Schedule of Expenditures of Federal Awards	96	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	98	
Schedule of Required Responses to Selected School First Indicators.....	99	K-2

CERTIFICATE OF BOARD

Sabine Independent School District
Name of School District

Gregg
County

092-906
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the year ended June 30, 2023, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

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

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Financial Section

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KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Karen A. Jacks, CPA, CGMA
Peggy J. Lantz, CPA

Chanie A. Johnson, CPA

Independent Auditors' Report

To the Board of Trustees
Sabine Independent School District
5424 FM 1252 W
Gladewater, Texas 75647

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sabine Independent School District ("the District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Sabine Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sabine Independent School District as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sabine 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, schedule of the District's proportionate share of the net pension liability, schedule of share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability, and schedule of District OPEB contributions identified as Required Supplementary Information in the table of contents 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 Sabine Independent School District's basic financial statements. The accompanying combining nonmajor fund financial statements, the Texas Education Agency required schedules and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are also 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 nonmajor fund financial statements, the Texas Education Agency required schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section included in the annual report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 November 7, 2023 on our consideration of Sabine 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 Sabine 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 Sabine Independent School District's internal control over financial reporting and compliance.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.

Longview, Texas
November 7, 2023

SABINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

In this section of the Annual Financial Report, we, the managers of Sabine Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2023. Please read it in conjunction with the Independent Auditors' Report on page 9, and the District's Basic Financial Statements that begin on page 20.

In the June 30, 2018 fiscal year, the District implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The implementation of this statement required a restatement of prior period net position related to the District's estimated proportionate share of the State's estimated future costs under Teacher Retirement System of Texas (TRS) retiree healthcare program, TRS-Care. The restatement increased long-term assets, increased long-term liabilities and decreased net position by \$9,101,886. This follows the implementation in 2014-15 of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which lowered net position by \$1,020,796 to record the District's estimated proportionate share of the State of Texas' estimated future costs under the TRS pension program.

The effects of these prior year restatements, and the significant annual adjustments the Statements require, result in Government-wide financial statements that do not allow stakeholders to properly assess the educational programs and operating results of the District. The Management Discussion and Analysis therefore will distinguish between the District's operational activities and the effects of these GASB accounting pronouncements related to pensions and OPEB.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 20 and 21). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 22) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statement, a fiduciary statement, provides financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 34) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The section labeled Other Supplementary Information contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 20. Its primary purpose 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 and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

SABINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

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 from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All of the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

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

Governmental Activities - Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, general administration, and debt service. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Fiduciary Activities – The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements begin on page 22 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (such as campus activities). The District's governmental funds are described below:

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

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in the Statement of Fiduciary Net Position on page 32. We exclude these resources from the

SABINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities increased from \$8,769,991 to \$11,222,567. 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 \$(1,415,394) at June 30, 2023. The change in net position from District operations was \$2,268,256. In addition, the change for current year adjustments related to pension and postemployment benefits reporting requirements was \$184,318.

Table I
SABINE INDEPENDENT SCHOOL DISTRICT
NET POSITION

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Net Position Exclusive of Adjustments for Pensions and OPEB		
Assets		
Current Assets	\$ 13,784,432	\$ 13,262,313
Capital Assets	<u>26,020,353</u>	<u>24,596,158</u>
Total Assets	<u>39,804,785</u>	<u>37,858,471</u>
Deferred Outflows of Resources		
Deferred Outflows	<u>1,409,654</u>	<u>1,482,568</u>
Total Deferred Outflows of Resources	<u>1,409,654</u>	<u>1,482,568</u>
Liabilities		
Current Liabilities	2,062,040	1,863,231
Noncurrent Liabilities	<u>18,345,741</u>	<u>18,939,408</u>
Total Liabilities	<u>20,407,781</u>	<u>20,802,639</u>
Net Position:		
Invested in Capital Assets	9,084,267	7,139,318
Restricted	3,553,694	2,806,705
Unrestricted	<u>8,168,697</u>	<u>8,592,377</u>
Total Net Position Exclusive of Adjustments for Pensions and OPEB	<u>\$20,806,658</u>	<u>\$18,538,400</u>
Net Position Related to Pensions and OPEB		
Deferred Outflows of Resources		
Deferred Outflows	<u>\$ 3,848,090</u>	<u>\$ 2,857,573</u>
Total Deferred Outflows of Resources	<u>3,848,090</u>	<u>2,857,573</u>
Liabilities		
Noncurrent Liabilities	<u>7,977,030</u>	<u>6,877,025</u>
Total Liabilities	<u>7,977,030</u>	<u>6,877,025</u>
Deferred Inflows of Resources		
Deferred Inflows	<u>5,455,151</u>	<u>5,748,957</u>
Total Deferred Inflows of Resources	<u>5,455,151</u>	<u>5,748,957</u>
Net Position:		
Unrestricted	<u>(9,584,091)</u>	<u>(9,768,409)</u>
Total Net Position related to Pensions and OPEB	<u>\$ (9,584,091)</u>	<u>\$ (9,768,409)</u>
Total Net Position:		
Invested in Capital Assets	9,084,267	7,139,318
Restricted	3,553,694	2,806,705
Unrestricted	<u>(1,415,394)</u>	<u>(1,176,032)</u>
Total Net Position	<u>\$11,222,567</u>	<u>\$ 8,769,991</u>

SABINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Approximately 11% of the District's restricted net position represents proceeds from the member districts of the Gregg County Special Education Shared Services Arrangement. These proceeds, when spent, are restricted for expenses of the shared services arrangement (SSA). The balance of restricted net position represents funds restricted for other local, State, and federal programs. The \$8.2 million of unrestricted net position exclusive of adjustments for pensions and OPEB represents resources available to fund the programs of the District next year.

Current year adjustments to net pension and OPEB increased the liability balances by \$806,199.

Table II
SABINE INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

Changes in Net Position Exclusive of Adjustments for Pensions and OPEB

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,402,038	\$ 1,900,914
Operating Grants and Contributions	4,414,232	3,937,107
Capital Grants and Contributions	302,367	-
General Revenues:		
Maintenance and Operations Taxes	4,143,348	4,102,736
Debt Service Taxes	1,212,232	1,132,560
State Aid - Formula Grants	10,464,467	10,170,930
Investment Earnings and Miscellaneous	<u>535,918</u>	<u>136,226</u>
Total Revenues	<u>23,474,602</u>	<u>21,380,473</u>
Expenses:		
Instruction, Curriculum and Media Services	11,233,706	10,527,669
Instructional and School Leadership	1,490,345	1,529,755
Student Support	4,565,086	4,109,255
General Administration	716,481	644,193
Plant Maintenance, Security and Data Processing	2,116,501	1,816,366
Community Services	11,520	9,956
Long-term Debt	437,564	429,653
Shared Service Arrangements and Other Governmental Charges	<u>635,141</u>	<u>507,039</u>
Total Expenses	<u>21,206,344</u>	<u>19,573,886</u>
Change in Net Position	2,268,258	1,806,587
Net Position at Beginning of Year	<u>18,538,400</u>	<u>16,731,813</u>
Net Position at End of Year	<u>\$ 20,806,658</u>	<u>\$ 18,538,400</u>

Changes in Net Position Related to Pensions and OPEB

	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues:		
Operating Grants and Contributions	\$ (659,632)	\$ (1,023,310)
Total Revenues	<u>(659,632)</u>	<u>(1,023,310)</u>
Expenses:		
Instruction, Curriculum and Media Services	(546,371)	(862,385)
Instructional and School Leadership	(75,970)	(128,901)
Student Support	(149,879)	(230,381)
General Administration	(22,366)	(36,418)
Plant Maintenance, Security and Data Processing	<u>(49,364)</u>	<u>(76,512)</u>
Total Expenses	<u>(843,950)</u>	<u>(1,334,597)</u>
Change in Net Position	<u>184,318</u>	<u>311,287</u>
Net Position at Beginning of Year	<u>(9,768,409)</u>	<u>(10,079,696)</u>
Net Position at End of Year	<u>\$ (9,584,091)</u>	<u>\$ (9,768,409)</u>

SABINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Total Change in Net Position		
Program Revenues	\$ 6,459,005	\$ 4,814,711
General Revenues	16,355,965	15,542,452
Total Expenses	<u>(20,362,395)</u>	<u>(18,239,289)</u>
Changes in Net Position	2,452,575	2,117,874
Beginning Net Position	<u>8,769,993</u>	<u>6,652,117</u>
Ending Net Position	<u>\$11,222,567</u>	<u>\$ 8,769,991</u>

Exclusive of adjustments for pension and OPEB, the District's total revenues increased approximately 10% for the year, while the total cost of all programs and services increased approximately 8%.

Although the District's total revenues showed a net increase of approximately 12%, charges for services increased 26%, operating grants and contributions increased 29%, capital grants and contributions increased 100%, maintenance and operations taxes increased 1%, debt service taxes increased 7%, State aid – formula grants increased 3%, and miscellaneous revenues increased 293%. The significant factors for these variances are explained as follows:

Charges for services increased \$501,124 from 2022 because of a variety of reasons, including an increase in child nutrition meal revenue of \$251,851 and an increase in the Special Education SSA Fund of \$180,136.

Maintenance and operations taxes increased by \$40,612 mainly due to better collections of the current year's levy in 2023.

State revenues increased \$293,537 from 2022. The State foundation revenue increased due to an increase in attendance of some of the special populations, providing the district more funding.

Miscellaneous revenues increased \$399,692 from 2022. This was mainly due to an increase in interest revenue and donations in 2023.

The adjustments made for pension and OPEB for the requirements of GASB statements 68 and 75 during the year resulted in negative revenue of \$659,632 and negative expenses of \$843,950.

Exclusive of adjustments for pension and OPEB, the cost of all governmental activities this year was \$21,206,345. However, as shown in the Statement of Activities on page 21, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$5,355,580 because some of the costs were paid by those who directly benefited from the programs (\$2,402,038) or by other governments and organizations that subsidized certain programs with grants and contributions (\$15,181,066).

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 23) reported a combined fund balance of \$11,361,707, which is above last year's total of \$11,028,010. Included in this year's total change in fund balance is a decrease of \$409,096 in the District's General Fund and an increase in the fund balance of the Debt Service Fund of \$471,440. The increase in the remaining non-major special revenue funds was a net of \$268,353.

The decrease in the General Fund's fund balance was due mainly to an increase in revenues of \$1,120,441 reduced by a net increase in various expenditures of \$1,832,267. The restricted fund balance in the Debt Service Fund, which is set aside for payments related to the 2013 bond issue and the 2020 refunding issue, increased due to a rise in tax and State funding. The restricted fund balance in the Capital Projects Fund, which is set

SABINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

aside for the construction, completion, and furnishing of the new elementary campus, decreased due to interest earned on investments.

Over the course of the year, the Board of Trustees revised the District's budgeted revenues and expenditures several times. These budget amendments were mainly adjusting the State revenues, adding appropriations related to various capital improvements, increasing payroll-related appropriations, and minor adjustments involving the moving of funds from programs that did not need all the resources originally appropriated to them to programs with resource needs. The net increase in budgeted revenues was \$1,382,069. Local revenues received were slightly greater than expected. However, the State revenue budget accounted for \$1,068,011 of the increase. This was due in part to additional special education funding, student attendance rising and increased State aid to compensate for lost tax revenue. The change in budgeted federal revenue was related to an increase in the SHARS revenue received for services performed with Medicaid-eligible students. Overall, the budgeted expenditures increased by \$707,819 in the General Fund as noted in Exhibit C-4. This net increase was mainly attributable to the purchase of three buses, an increase in the amount contributed to the Special Education SSA, an increase in the co-curricular extra-duty pay, and the purchase of co-curricular vehicles.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of 2023, the District had \$42,210,227 invested in a broad range of capital assets, including facilities, and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$2,404,232 or approximately 6%.

This year's major changes were various equipment purchases, 3 new buses, completion of the football field turf project, and projects to renovate and upgrade a future campus.

UNCERTAINTY

The outbreak in 2020 of COVID-19, a respiratory disease caused by several strains of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas.

The District continues to monitor the impact of COVID-19 on the attendance and learning loss of students. The District is working with local, State, and federal agencies to address the potential impact of the Pandemic upon the District. The federal government has provided financial assistance to local education agencies in the form of grants. Most of the grants are focused on either mitigating the spread of the viruses or addressing the learning loss facing many of the students in the District and across the country. The District may have additional opportunities in the future to apply for entitlement or competitive grants to continue to address financial needs identified as a result of the Pandemic. While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the District. Additionally, State funding of District operations and maintenance in future fiscal years could be adversely impacted by the negative effects on economic growth and financial markets resulting from the Pandemic as well as ongoing disruptions in the global oil markets.

SABINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected officials and administration considered many factors when setting the 2024 fiscal year budgets and tax rates. The bond payments of \$998,098 that will be paid from the Debt Service Fund is more than the payment in 2023. The student population and attendance is expected to increase slightly from 2023. Amounts available for appropriation in the General Fund budget are \$16,601,942, a decrease of 3% from the final 2023 budget of \$17,073,064. This decrease takes into consideration the costs associated with furnishing the future campus and the purchase of two more buses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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 Sabine Independent School District, 5424 FM 1252 W, Gladewater, TX 75647.

Basic Financial Statements

SABINE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

1

Data Control Codes		Governmental Activities
	ASSETS:	
1110	Cash and Cash Equivalents	\$ 10,302,467
1225	Property Taxes Receivable (Net)	476,248
1240	Due from Other Governments	2,949,533
1290	Other Receivables (Net)	1,262
1300	Inventories	33,098
1410	Unrealized Expenses	21,824
	Capital Assets:	
1510	Land	1,102,064
1520	Buildings and Improvements, Net	23,254,306
1530	Furniture and Equipment, Net	1,090,674
1580	Construction in Progress	573,309
1000	Total Assets	<u>39,804,785</u>
	DEFERRED OUTFLOWS OF RESOURCES:	
	Deferred Outflow of Resources - Loss on Defeasance of Debt	1,409,654
	Deferred Outflow Related to Pensions	2,227,053
	Deferred Outflow Related to OPEB	1,621,037
1700	Total Deferred Outflows of Resources	<u>5,257,744</u>
	LIABILITIES:	
2110	Accounts Payable	49,818
2140	Interest Payable	115,562
2165	Accrued Liabilities	1,499,690
2180	Due to Other Governments	371,422
2300	Unearned Revenue	25,548
	Noncurrent Liabilities:	
2501	Due Within One Year	730,501
2502	Due in More Than One Year	17,615,240
2540	Net Pension Liability	4,745,085
2545	Net OPEB Liability	3,231,945
2000	Total Liabilities	<u>28,384,811</u>
	DEFERRED INFLOWS OF RESOURCES:	
	Deferred Inflow Related to Pensions	442,754
	Deferred Inflow Related to OPEB	5,012,397
2600	Total Deferred Inflows of Resources	<u>5,455,151</u>
	NET POSITION:	
3200	Net Investment in Capital Assets	9,084,267
	Restricted For:	
3820	State and Federal Programs	652,571
3850	Debt Service	2,189,467
3860	Capital Projects	143,649
3870	Campus Activities	131,914
3890	Other Purposes	436,093
3900	Unrestricted	(1,415,394)
3000	Total Net Position	<u>\$ 11,222,567</u>

The accompanying notes are an integral part of this statement.

SABINE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

		1	3	4	5	Net (Expense) Revenue and Changes in Net Position
Data Control Codes	Functions/Programs	Expenses	Program Revenues			Governmental Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Governmental Activities:					
11	Instruction	\$ 10,408,104	\$ 1,025,960	\$ 1,594,562	\$ --	\$ (7,787,582)
12	Instructional Resources and Media Services	214,444	--	5,158	--	(209,286)
13	Curriculum and Staff Development	64,788	4,651	34,887	--	(25,250)
21	Instructional Leadership	465,333	301,146	13,459	--	(150,728)
23	School Leadership	949,042	--	27,753	--	(921,289)
31	Guidance, Counseling, and Evaluation Services	1,152,179	404,668	496,559	--	(250,952)
33	Health Services	134,788	--	18,064	--	(116,724)
34	Student Transportation	455,606	--	15,424	302,367	(137,815)
35	Food Service	1,104,084	358,637	825,250	--	79,803
36	Cocurricular/Extracurricular Activities	1,568,550	243,297	13,476	--	(1,311,777)
41	General Administration	694,115	34,129	12,482	--	(647,504)
51	Facilities Maintenance and Operations	1,734,497	17,650	30,092	--	(1,686,755)
52	Security and Monitoring Services	227,758	--	7,082	--	(220,676)
53	Data Processing Services	104,882	11,900	4,688	--	(88,294)
61	Community Services	11,520	--	--	--	(11,520)
72	Interest on Long-term Debt	364,150	--	--	--	(364,150)
73	Bond Issuance Costs and Fees	73,414	--	--	--	(73,414)
81	Capital Outlay	--	--	509,751	--	509,751
93	Payments Related to Shared Services Arrangements	556,651	--	145,914	--	(410,737)
99	Other Intergovernmental Charges	78,490	--	--	--	(78,490)
TG	Total Governmental Activities	20,362,395	2,402,038	3,754,601	302,367	(13,903,389)
TP	Total Primary Government	\$ 20,362,395	\$ 2,402,038	\$ 3,754,601	\$ 302,367	(13,903,389)
	General Revenues:					
MT	Property Taxes, Levied for General Purposes					4,143,348
DT	Property Taxes, Levied for Debt Service					1,212,232
IE	Investment Earnings					286,331
GC	Grants and Contributions Not Restricted to Specific Programs					10,464,467
MI	Miscellaneous					249,587
TR	Total General Revenues					16,355,965
CN	Change in Net Position					2,452,576
NB	Net Position - Beginning					8,769,991
NE	Net Position - Ending					\$ 11,222,567

The accompanying notes are an integral part of this statement.

SABINE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes	10 General Fund	OMF ESSER Fund II of the CRRSA Act	OMF ESSER Fund III of the ARPA
ASSETS:			
1110 Cash and Cash Equivalents	\$ 6,384,436	\$ --	\$ 164,694
1225 Taxes Receivable, Net	376,894	--	--
1240 Due from Other Governments	1,666,469	364,104	180,692
1260 Due from Other Funds	909,873	--	--
1290 Other Receivables	1,262	--	--
1300 Inventories	7,168	--	--
1410 Unrealized Expenditures	21,824	--	--
1000 Total Assets	<u>\$ 9,367,926</u>	<u>\$ 364,104</u>	<u>\$ 345,386</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ 48,638	\$ --	\$ --
2150 Payroll Deductions and Withholdings	3,560	--	--
2160 Accrued Wages Payable	1,074,934	20,136	22,707
2170 Due to Other Funds	--	343,968	--
2180 Due to Other Governments	--	--	321,812
2200 Accrued Expenditures	72,095	--	867
2300 Unearned Revenue	--	--	--
2000 Total Liabilities	<u>1,199,227</u>	<u>364,104</u>	<u>345,386</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Revenue	376,894	--	--
2600 Total Deferred Inflows of Resources	<u>376,894</u>	<u>--</u>	<u>--</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 Inventories	7,168	--	--
3430 Prepaid Items	21,824	--	--
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	--	--
3480 Retirement of Long-Term Debt	--	--	--
3490 Other Restrictions of Fund Balance	--	--	--
Committed Fund Balances:			
3545 Other Committed Fund Balance	--	--	--
3600 Unassigned	7,762,813	--	--
3000 Total Fund Balances	<u>7,791,805</u>	<u>--</u>	<u>--</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 9,367,926</u>	<u>\$ 364,104</u>	<u>\$ 345,386</u>

The accompanying notes are an integral part of this statement.

OMF IDEA-B Formula	50 Debt Service Fund	ONMF Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 2,244,245	\$ 1,509,092	\$ 10,302,467
--	99,354	--	476,248
378,671	--	359,597	2,949,533
--	--	33,154	943,027
--	--	--	1,262
--	--	25,930	33,098
--	--	--	21,824
<u>\$ 378,671</u>	<u>\$ 2,343,599</u>	<u>\$ 1,927,773</u>	<u>\$ 14,727,459</u>
\$ --	\$ --	\$ 1,180	\$ 49,818
--	--	--	3,560
135,107	--	138,877	1,391,761
221,881	--	377,178	943,027
--	38,570	11,040	371,422
21,683	--	9,724	104,369
--	--	25,548	25,548
<u>378,671</u>	<u>38,570</u>	<u>563,547</u>	<u>2,889,505</u>
--	99,353	--	476,247
<u>--</u>	<u>99,353</u>	<u>--</u>	<u>476,247</u>
--	--	20,691	27,859
--	--	--	21,824
--	--	631,879	631,879
--	2,205,676	--	2,205,676
--	--	579,742	579,742
--	--	131,914	131,914
--	--	--	7,762,813
<u>--</u>	<u>2,205,676</u>	<u>1,364,226</u>	<u>11,361,707</u>
<u>\$ 378,671</u>	<u>\$ 2,343,599</u>	<u>\$ 1,927,773</u>	<u>\$ 14,727,459</u>

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SABINE INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds balance sheet	\$ 11,361,707
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Net capital assets used in governmental activities are not reported in the funds.	26,020,353
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	476,247
Payables for bond principal which are not due in the current period are not reported in the funds.	(16,094,994)
Payables for debt interest which are not due in the current period are not reported in the funds.	(115,562)
Payables for notes which are not due in the current period are not reported in the funds.	(70,428)
Loss on defeasance of debt is not recorded in the funds.	1,409,654
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(4,745,085)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(442,754)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	2,227,053
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(669,063)
Bond premiums are amortized in the SNA but not in the funds.	(1,511,256)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(3,231,945)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(5,012,397)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	<u>1,621,037</u>
Net position of governmental activities - Statement of Net Position	\$ <u>11,222,567</u>

The accompanying notes are an integral part of this statement.

SABINE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	10 General Fund	OMF ESSER Fund II of the CRRSA Act	OMF ESSER Fund III of the ARPA
REVENUES:			
5700 Local and Intermediate Sources	\$ 4,692,280	\$ --	\$ --
5800 State Program Revenues	11,406,036	--	--
5900 Federal Program Revenues	327,199	567,185	352,759
5020 Total Revenues	<u>16,425,515</u>	<u>567,185</u>	<u>352,759</u>
EXPENDITURES:			
Current:			
0011 Instruction	8,434,557	231,579	93,462
0012 Instructional Resources and Media Services	167,719	2,443	--
0013 Curriculum and Staff Development	25,402	--	4,000
0021 Instructional Leadership	149,689	4,679	--
0023 School Leadership	938,401	11,387	--
0031 Guidance, Counseling, and Evaluation Services	331,561	11,947	--
0033 Health Services	127,020	1,629	--
0034 Student Transportation	777,802	4,562	5,380
0035 Food Service	--	13,309	--
0036 Cocurricular/Extracurricular Activities	1,330,331	1,425	--
0041 General Administration	678,611	4,800	--
0051 Facilities Maintenance and Operations	1,677,566	14,562	--
0052 Security and Monitoring Services	203,427	1,664	--
0053 Data Processing Services	93,611	3,365	--
0061 Community Services	10,786	--	--
0071 Principal on Long-term Debt	40,425	--	--
0072 Interest on Long-term Debt	215	--	--
0073 Bond Issuance Costs and Fees	--	--	--
0081 Capital Outlay	1,355,261	259,834	249,917
0093 Payments to Shared Service Arrangements	410,737	--	--
0099 Other Intergovernmental Charges	78,490	--	--
6030 Total Expenditures	<u>16,831,611</u>	<u>567,185</u>	<u>352,759</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(406,096)	--	--
1200 Net Change in Fund Balances	<u>(406,096)</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	8,197,901	--	--
3000 Fund Balances - Ending	<u>\$ 7,791,805</u>	<u>\$ --</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

OMF IDEA-B Formula	50 Debt Service Fund	ONMF Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 1,228,030	\$ 2,044,736	\$ 7,965,046
--	166,700	244,979	11,817,715
1,036,346	--	1,407,062	3,690,551
<u>1,036,346</u>	<u>1,394,730</u>	<u>3,696,777</u>	<u>23,473,312</u>
522,051	--	1,216,239	10,497,888
--	--	6,241	176,403
--	--	35,386	64,788
--	--	334,975	489,343
--	--	9,492	959,280
456,817	--	404,537	1,204,862
--	--	13,772	142,421
--	--	--	787,744
--	--	1,068,507	1,081,816
--	--	184,403	1,516,159
--	--	33,013	716,424
--	--	17,073	1,709,201
--	--	4,259	209,350
--	--	11,511	108,487
--	--	580	11,366
--	600,000	--	640,425
--	322,790	--	323,005
--	500	--	500
--	--	--	1,865,012
57,478	--	88,436	556,651
--	--	--	78,490
<u>1,036,346</u>	<u>923,290</u>	<u>3,428,424</u>	<u>23,139,615</u>
--	471,440	268,353	333,697
--	<u>471,440</u>	<u>268,353</u>	<u>333,697</u>
--	1,734,236	1,095,873	11,028,010
\$ --	\$ <u>2,205,676</u>	\$ <u>1,364,226</u>	\$ <u>11,361,707</u>

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SABINE INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ 333,697
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,440,294
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,013,390)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(20,000)
The gain or loss on the sale of capital assets is not reported in the funds.	17,292
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(16,001)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	600,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	40,425
The accretion of interest on capital appreciation bonds is not reported in the funds.	(301,482)
(Increase) decrease in accrued interest from beginning of period to end of period.	5,613
Loss on defeasance of debt is reported in the SOA but not in the funds.	(72,914)
Bond premiums are reported in the funds but not in the SOA.	254,724
Pension contributions made after the measurement date but in current FY were de-expended & reduced NPL.	336,215
Pension contributions made before the measurement date in the prior FY were expended and increased NPL.	(309,194)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(263,705)
OPEB contributions made after the measurement date but in current FY were de-expended & reduced NPL.	85,362
OPEB contributions made before the measurement date in the prior FY were expended and increased NPL.	(83,402)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.	419,042
Change in net position of governmental activities - Statement of Activities	\$ <u>2,452,576</u>

The accompanying notes are an integral part of this statement.

SABINE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT C-4

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 4,444,885	\$ 4,702,193	\$ 4,692,280	\$ (9,913)
5800	State Program Revenues	10,288,170	11,356,181	11,406,036	49,855
5900	Federal Program Revenues	270,000	326,750	327,199	449
5020	Total Revenues	15,003,055	16,385,124	16,425,515	40,391
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	8,564,370	8,507,370	8,434,557	72,813
0012	Instructional Resources and Media Services	178,204	178,204	167,719	10,485
0013	Curriculum and Staff Development	59,976	31,361	25,402	5,959
	Total Instruction and Instr. Related Services	8,802,550	8,716,935	8,627,678	89,257
Instructional and School Leadership:					
0021	Instructional Leadership	150,659	151,091	149,689	1,402
0023	School Leadership	933,551	941,930	938,401	3,529
	Total Instructional and School Leadership	1,084,210	1,093,021	1,088,090	4,931
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	332,597	335,007	331,561	3,446
0033	Health Services	136,170	133,435	127,020	6,415
0034	Student (Pupil) Transportation	434,981	807,440	777,802	29,638
0036	Cocurricular/Extracurricular Activities	1,201,174	1,333,574	1,330,331	3,243
	Total Support Services - Student (Pupil)	2,104,922	2,609,456	2,566,714	42,742
Administrative Support Services:					
0041	General Administration	685,321	707,219	678,611	28,608
	Total Administrative Support Services	685,321	707,219	678,611	28,608
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,610,397	1,698,623	1,677,566	21,057
0052	Security and Monitoring Services	151,570	206,627	203,427	3,200
0053	Data Processing Services	93,445	94,045	93,611	434
	Total Support Services - Nonstudent Based	1,855,412	1,999,295	1,974,604	24,691
Ancillary Services:					
0061	Community Services	12,000	12,000	10,786	1,214
	Total Ancillary Services	12,000	12,000	10,786	1,214
Debt Service:					
0071	Principal on Long-Term Debt	40,425	90,425	40,425	50,000
0072	Interest on Long-Term Debt	215	215	215	--
	Total Debt Service	40,640	90,640	40,640	50,000
Capital Outlay:					
0081	Capital Outlay	1,354,190	1,355,261	1,355,261	--
	Total Capital Outlay	1,354,190	1,355,261	1,355,261	--

SABINE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT C-4

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	350,000	410,737	410,737	--
0099	Other Intergovernmental Charges	76,000	78,500	78,490	10
	Total Intergovernmental Charges	426,000	489,237	489,227	10
6030	Total Expenditures	16,365,245	17,073,064	16,831,611	241,453
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(1,362,190)	(687,940)	(406,096)	281,844
1200	Net Change in Fund Balance	(1,362,190)	(687,940)	(406,096)	281,844
0100	Fund Balance - Beginning	8,197,901	8,197,901	8,197,901	--
3000	Fund Balance - Ending	\$ 6,835,711	\$ 7,509,961	\$ 7,791,805	\$ 281,844

The accompanying notes are an integral part of this statement.

SABINE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2023

		Custodial Fund
Data Control Codes		Student Activity
ASSETS:		
1110	Cash and Cash Equivalents	\$ 108,282
1000	Total Assets	108,282
LIABILITIES:		
2000	Total Liabilities	--
NET POSITION:		
3800	Restricted for Other Purposes	108,282
3000	Total Net Position	\$ 108,282

The accompanying notes are an integral part of this statement.

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

	Custodial Funds
	<hr/>
	Student Activity
	<hr/>
ADDITIONS:	
Student Group Fundraising Activities	\$ 154,844
Total Additions	<hr/> 154,844 <hr/>
DEDUCTIONS:	
Student Activities	201,835
Total Deductions	<hr/> 201,835 <hr/>
Change in Fiduciary Net Position	(46,991)
Net Position-Beginning of the Year	155,273
Net Position-End of the Year	\$ <hr/> 108,282 <hr/>

The accompanying notes are an integral part of this statement.

SABINE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

A. Summary of Significant Accounting Policies

The basic financial statements of Sabine Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

ESSER Fund II of the CRRSA Act - Special Revenue Fund: This fund is used to account for additional federal funding granted to the District through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act to address learning loss and preparing schools for reopening.

ESSER Fund III of the ARPA - Special Revenue Fund: This fund is used to account for federal stimulus ESSER III funds granted to the District through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups.

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

IDEA-B Formula - Special Revenue Fund: The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Federal assistance restricted to special education services is accounted for in this fund, and sometimes unused balances must be returned to the grantor at the close of the specified project periods.

Debt Service Fund - The District accounts for resources used to repay debt of the District in the Debt Service Fund.

In addition, the District reports the following fund types:

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

Capital Project Fund: This fund is used to account for construction costs of the District's capital projects.

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources on behalf of student groups.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables 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. At June 30, 2023, the District reported an allowance for uncollectible taxes of \$119,062.

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

j. Net Position Flow Assumption

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

k. Fund Balance Flow Assumptions

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

l. Negative Operating Grants and Contributions - Statement of Activities

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

During the year under audit, the NECE expense was negative due to changes in benefits within the TRS-care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities.

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

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Operating Grants and Contributions As Reported	Negative On-Behalf Accruals	Operating Grants and Contributions (Excluding On- Behalf Accruals)
11-Instruction	\$ 1,594,562	\$ (359,359)	\$ 1,953,921
12-Instructional Resources and Media Services	5,158	(5,556)	10,714
13-Curriculum and Instructional Staff Development	34,887	--	34,887
21-Instructional Leadership	13,459	(17,968)	31,427
23-School Leadership	27,753	(33,491)	61,244
31-Guidance, Counseling and Evaluation Services	496,559	(30,088)	526,647
33-Health Services	18,064	(5,447)	23,511
34-Student Transportation	15,424	(11,219)	26,643
35-Food Service	825,250	(19,104)	844,354
36-Cocurricular/Extracurricular Activities	13,476	(24,657)	38,133
41-General Administration	12,482	(15,722)	28,204
51-Facilities Maintenance and Operations	30,092	(32,100)	62,192
52-Security and Monitoring Services	7,082	(2,050)	9,132
53-Data Processing Services	4,688	(2,707)	7,395
81-Capital Outlay	509,751	--	509,751
93-Payments Related to Shared Service Arrangements	145,914	--	145,914
	<u>\$ 3,754,601</u>	<u>\$ (559,468)</u>	<u>\$ 4,314,069</u>

4. 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 fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities

and additions to / deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements when applicable.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Management has determined that the District's SBITAs are immaterial to the District's financial statements and has elected not to report them under provisions of GASB Statement No. 96.

GASB Statement No. 99, Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments that do not meet the definition of either an investment or a hedge
- Guidance clarification for short-term leases when there is a modification of terms
- Considerations for public-private partnerships (PPP) terminology as well as recognizing installment payments and transferring underlying PPP assets
- Clarifications of subscription-based information technology arrangement (SBITA) terms, and liability measurement and recognition
- Disclosures related to nonmonetary transactions
- Certain provisions of GASB Statement No. 34
- Pledges of future revenues when resources are not received by the pledging government
- Terminology updates related to deferred inflows and outflows of resources and net position
- Resource flows statements terminology related to GASB Statement No. 53
- Accounting for SNAP distributions
- Requirements related to the extension of the use of LIBOR

The requirements of GASB Statement No. 99 that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement 34, and terminology updates took effect upon issuance.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District implemented this Statement during the current year.

B. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank 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 depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

SABINE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. Cash Deposits:

At June 30, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$10,302,467 and the bank balance was \$11,044,786. The District's cash deposits at June 30, 2023 and during the year ended June 30, 2023, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2023 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	26-65 days	\$ 809,351
MBIA-Texas Class	45 days	5,482,328
Total Investments		<u>\$ 6,291,679</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. 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 rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At June 30, 2023, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>
Lone Star Investment Pool	AAAm
MBIA-Texas Class	AAAm

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

b. 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 government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Lone Star Investment Pool

The Lone Star Investment Pool (hereafter referred to as the Pool) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the Investment Act). The investment objectives of the Pool, in order of priority, are preservation and safety of principal, liquidity, and yield.

The Pool seeks to maintain the safety of principal, while providing participating government entities (Participants) with the highest possible rate of return for invested funds. Participants in the Pool own pro rata interests in the underlying assets of the fund in which they participate. A Participant's sole source of payment from its investment in the Pool is the market value of such assets; although the Pool seeks to preserve the value of a Participant's investment, it is possible to lose money by investing in the Pool.

The District invests in the Corporate Overnight Fund. The Corporate Overnight Fund is designed for funds that may be required for immediate expenditure. The objective of the Corporate Overnight Fund are, in order of importance:

1. An understanding of the suitability of the investment to the financial requirements of the Government Overnight Fund;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of each investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio;
6. And yield.

The Corporate Overnight Fund seeks to offer daily liquidity and seeks to maintain a net asset value of one dollar. The net asset value of the Corporate Overnight Fund is determined daily to ensure that the market value of the Fund's assets is maintained at one dollar. The dollar-weighted average maturity of the Corporate Overnight Fund is 60 days or fewer. The maximum stated maturity of each security acquired by the Corporate Overnight Fund is 13 months for fixed rate securities and 24 months for variable rate securities. Because of their short maturities, high quality, and minimal price fluctuations, securities in which the Corporate Overnight Fund invests are generally considered to be marketable and very liquid. Though the Corporate Overnight Fund may hold investments until they mature, it may periodically trade securities to take advantage of perceived disparities between markets for various categories of investments in an effort to increase returns. For liquidity purposes or to respond to unusual market conditions, the Corporate Overnight Fund may hold all or some of its total assets in cash as a temporary defensive measure, for purposes of assuring sufficient liquidity, or due to the lack of eligible investment securities.

Texas CLASS

The District invests in Texas CLASS, an investment option that utilizes all eligible investments as defined by the Public Funds Investment Act. The purpose of the Trust is to establish one or more investment funds through which a Participant may pool any of its funds or funds under its control in order to preserve the principal, to maintain the liquidity of the participant, and to maximize yield in accordance with the Public Funds Investment Act (the Act), Section 2256.01, et seq., Texas Government Code, or other laws of the state of Texas, from time-to-time in effect, governing the investment of funds of a Participant or funds under its control. The Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds.

Texas CLASS may invest in any or all of the legal investments specified in Sections through 2256.016 of the Act. Such investments may include the following:

1. U.S. Treasury Bills, Notes, and Bonds
2. Obligations of or guaranteed by U.S. Government Agencies and Instrumentalities
3. State and local government obligations (subject to limitation)
4. Certificates of Deposits of a state or national bank domiciled in the state of Texas guaranteed or insured by the FDIC that meet the requirements of the Act.
5. Banker's agreements
6. Mutual funds

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

7. Repurchase agreements
8. Highly rated commercial paper
9. Guaranteed investment contracts

C. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,102,064	\$ --	\$ --	\$ 1,102,064
Construction in progress	280,760	509,751	217,202	573,309
Total capital assets not being depreciated	<u>1,382,824</u>	<u>509,751</u>	<u>217,202</u>	<u>1,675,373</u>
Capital assets being depreciated:				
Buildings and improvements	35,405,194	1,598,838	--	37,004,032
Equipment	1,394,683	51,503	11,062	1,435,124
Vehicles	1,623,294	497,404	25,000	2,095,698
Total capital assets being depreciated	<u>38,423,171</u>	<u>2,147,745</u>	<u>36,062</u>	<u>40,534,854</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,886,642)	(863,084)	--	(13,749,726)
Equipment	(1,077,699)	(75,011)	(11,062)	(1,141,648)
Vehicles	(1,245,497)	(75,295)	(22,292)	(1,298,500)
Total accumulated depreciation	<u>(15,209,838)</u>	<u>(1,013,390)</u>	<u>(33,354)</u>	<u>(16,189,874)</u>
Total capital assets being depreciated, net	<u>23,213,333</u>	<u>1,134,355</u>	<u>2,708</u>	<u>24,344,980</u>
Governmental activities capital assets, net	<u>\$ 24,596,157</u>	<u>\$ 1,644,106</u>	<u>\$ 219,910</u>	<u>\$ 26,020,353</u>

Depreciation was charged to functions as follows:

Instruction	\$ 448,711
Instructional Resources and Media Services	45,917
Instructional Leadership	1,298
School Leadership	40,424
Guidance, Counseling, & Evaluation Services	5,278
Health Services	219
Student Transportation	63,891
Food Services	82,549
Extracurricular Activities	205,429
General Administration	57
Plant Maintenance and Operations	98,326
Security and Monitoring Services	21,137
Community Services	154
	<u>\$ 1,013,390</u>

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2023 consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 943,027	Temporary advances to reimbursement-type grant funds
	Total	<u>\$ 943,027</u>	

All amounts due are scheduled to be repaid within one year.

E. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt, other long-term liabilities, and deferred outflow loss on defeasance of debt. Changes in long-term obligations for the year ended June 30, 2023 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 16,694,994	\$ --	\$ 600,000	\$ 16,094,994	\$ 690,000
Notes	110,853	--	40,425	70,428	40,501
Unamortized bond premium	1,765,980	--	254,724	1,511,256	--
Accreted interest on CABs	367,581	301,482	--	669,063	--
Unamortized loss on defeasance of debt	(1,482,568)	--	(72,914)	(1,409,654)	--
Net Pension Liability*	1,924,585	3,193,465	372,965	4,745,085	--
Net OPEB Liability*	4,952,440	(1,609,631)	110,864	3,231,945	--
Total governmental activities	<u>\$ 24,333,865</u>	<u>\$ 1,885,316</u>	<u>\$ 1,306,064</u>	<u>\$ 24,913,117</u>	<u>\$ 730,501</u>

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type
Net Pension Liability*	Governmental
Net OPEB Liability*	Governmental

2. Notes Payable

Local Government Code Section 271.005 gives the District the authority to enter into installment agreements for the purchase of personal property.

The following is a summary of notes payable outstanding at June 30, 2023:

Purpose:	Interest Rates	Maturity Date	Amount
Governmental Activities - Capital purchases	0.25%	2/28/2025	\$ 70,428

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3. Bonds Payable

Bonds payable currently outstanding are as follows:

Name:	Interest Rates	Maturity Date	Amount
Series 2020 Unlimited Tax Refunding Bonds	0.24 - 2.41%	2/15/2043	\$ 16,080,000
Series 2020 Unlimited Tax Refunding Bonds-Capital Appreciation	0.00%	2/15/2030	14,994
			<u>\$ 16,094,994</u>

4. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2023 are as follows:

Year Ending June 30,	Governmental Activities				
	Notes from Direct Borrowings and Direct Placements				Total
	Bonds		Principal	Interest	
	Principal	Interest			
2024	\$ 690,000	\$ 308,098	\$ 40,501	\$ 138	\$ 1,038,737
2025	705,000	303,751	29,927	37	1,038,715
2026	715,000	298,534	--	--	1,013,534
2027	755,000	291,956	--	--	1,046,956
2028	7,978	1,045,598	--	--	1,053,576
2029-2033	2,667,016	3,028,817	--	--	5,695,833
2034-2038	4,970,000	1,000,195	--	--	5,970,195
2039-2043	5,585,000	406,937	--	--	5,991,937
Totals	\$ 16,094,994	\$ 6,683,886	\$ 70,428	\$ 175	\$ 22,849,483

F. Risk Management

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

G. Pension Plan

1. Plan Description

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

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

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

4. Contributions

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

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

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%
District's 2023 Employer Contributions	\$	399,985
District's 2023 Member Contributions	\$	926,724
2022 NECE On-Behalf Contributions (State)	\$	668,280

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

SABINE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

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

5. Actuarial Assumptions

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% *
Last year ending August 31 in Projection Period	2121
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

* 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"

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

6. Discount Rate

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

SABINE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term 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 below:

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return*	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	(6.0%)	3.6%	(0.05)%
Inflation Expectation	-		2.70%
Volatility Drag ****	-		(0.91)%
Expected Return	100.0%		8.19%

* Absolute Return includes Credit 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.

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

7. Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using a 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%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 7,381,553	\$ 4,745,085	\$ 2,608,104

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

At June 30, 2023, the District reported a liability of \$4,745,085 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 4,745,085
State's proportionate share that is associated with District	<u>8,502,266</u>
Total	<u>\$ 13,247,351</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.007992741 percent which was an increase of 0.000435408 percent from its proportion measured as of August 31, 2021.

9. Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2023, the District recognized pension expense of \$1,385,619 and revenue of \$812,720 for support provided by the State.

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

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 68,803	\$ 103,452
Changes in Actuarial Assumptions	884,164	220,358
Difference Between Projected and Actual Investment Earnings	468,799	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	<u>469,072</u>	<u>118,944</u>
Total as of August 31, 2022, measurement date	1,890,838	442,754
Contributions paid to TRS subsequent to the measurement date	<u>336,215</u>	<u>--</u>
Total	<u>\$ 2,227,053</u>	<u>\$ 442,754</u>

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

Year Ended June 30,	Pension Expense Amount
2024	\$ 376,000
2025	207,601
2026	115,918
2027	632,797
2028	115,767
Thereafter	1

H. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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

SABINE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3. Benefits Provided

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

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

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

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

4. 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.

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's 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. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	<u>2022</u>	<u>2023</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
District's 2023 Employer Contributions	\$	101,659
District's 2023 Member Contributions	\$	75,296
2022 NECE On-Behalf Contributions (state)	\$	135,237

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

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

5. Actuarial Assumptions

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

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

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

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

Additional Actuarial Methods and Assumptions:

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

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

6. 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. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2022 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB Liability:	\$ 3,810,719	\$ 3,231,945	\$ 2,763,063

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

At June 30, 2023, the District reported a liability of \$3,231,945 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 3,231,945
State's proportionate share that is associated with the District	<u>3,942,465</u>
Total	<u>\$ 7,174,410</u>

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

At August 31, 2023 the District's proportion of the collective net OPEB liability was 0.0134979288%, which was an increase of 0.0006592807% from its proportion measured as of August 31, 2021.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 2,663,137	\$ 3,231,945	\$ 3,969,331

9. Changes Since the Prior Actuarial Valuation

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

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

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 179,685	\$ 2,692,500
Changes in actuarial assumptions	492,289	2,245,363
Difference between projected and actual investment earnings	9,627	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	854,074	74,534
	<u>1,535,675</u>	<u>5,012,397</u>
Contributions paid to TRS subsequent to the measurement date	85,362	--
Total	<u>\$ 1,621,037</u>	<u>\$ 5,012,397</u>

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

Year Ended June 30,	OPEB Expense Amount
2024	\$ (685,501)
2025	(685,469)
2026	(548,412)
2027	(362,861)
2028	(407,937)
Thereafter	(786,542)

For the year ended June 30, 2023, the District recognized OPEB expense of \$(895,108) and revenue of \$(559,468) for support provided by the State.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended June 30, 2023, the subsidy payment received by TRS-Care on behalf of the District was \$58,419.

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. Employee Health Care Coverage

During the year ended June 30, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$281 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2023, and terms of coverage and premium costs are included in the contractual provisions.

J. Commitments and Contingencies

1. Contingencies

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

2. Litigation

No reportable litigation was pending against the District at June 30, 2023.

K. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 313, SSA IDEA-B Formula; Special Revenue Fund No. 314, SSA IDEA-B Preschool; Special Revenue Fund 437, Special Education; Special Revenue Fund 364, IDEA-B Formula of the ARP; Special Revenue Fund 365, IDEA-B Preschool of the ARP; and will be accounted for using Model 1 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Sabine ISD	\$ 740,589
Spring Hill ISD	981,605
White Oak ISD	682,102
Total	<u>\$ 2,404,296</u>

Shared Services Arrangement - DAEP - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides discipline alternative education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided by TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 459, SSA Locally Defined, and will be accounted for using Model 3 in the SSA Section of the Resource Guide.

<u>Member Districts</u>	<u>Expenditures</u>
Sabine ISD	\$ 44,133
Spring Hill ISD	44,133
White Oak ISD	44,132
Total	<u>\$ 132,398</u>

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

L. Subsequent Events

Management has evaluated subsequent events through November 7, 2023, the date on which the financial statements were available to be issued.

M. Unemployment Compensation Pool

During the year ended June 30, 2023, Sabine ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended June 30, 2023, the Fund anticipates that Sabine ISD has no additional liability beyond the contractual obligation for payment of contributions.

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

N. Worker's Compensation Pool

During the year ended June 30, 2023, Sabine ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The Fund and its members are protected against higher than expected claim costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2022, the Fund carries a discounted reserve of \$50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended June 30, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

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

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

O. Other Restrictions of Net Position/Fund Balance

Other restrictions of net position consist of the following:

Restricted for Special Education	\$ 398,090
Restricted for Other State Funded Grants	2,344
Restricted for DAEP	35,659
	<u>\$ 436,093</u>

Other restrictions of fund balance consist of the following:

Other Governmental Funds:

Restricted for Special Education	\$ 398,090
Restricted for Other State Funded Grants	2,344
Restricted for DAEP	35,659
Restricted for Capital Projects	143,649
	<u>\$ 579,742</u>

Other commitments of fund balance consist of the following:

Other Governmental Funds:

Committed for campus activity funds	<u>\$ 131,914</u>
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Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

SABINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Measurement Year Ended August 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0079927%	0.7557333%	0.0066744%	0.0069382%	0.0071793%	0.0074621%	0.0066769%	0.0070762%	0.0036559%
District's proportionate share of the net pension liability (asset)	\$ 4,745,085	\$ 1,924,585	\$ 3,574,678	\$ 3,606,703	\$ 3,951,686	\$ 2,385,986	\$ 2,523,113	\$ 2,501,343	\$ 976,542
State's proportionate share of the net pension liability (asset) associated with the District	8,502,266	3,711,622	7,872,420	6,949,048	7,668,341	4,571,299	5,430,943	5,328,954	445,373
Total	<u>\$ 13,247,351</u>	<u>\$ 5,636,207</u>	<u>\$ 11,447,098</u>	<u>\$ 10,555,751</u>	<u>\$ 11,620,027</u>	<u>\$ 6,957,285</u>	<u>\$ 7,954,056</u>	<u>\$ 7,830,297</u>	<u>\$ 1,421,915</u>
District's covered-employee payroll	\$ 11,114,309	\$ 10,382,985	\$ 9,761,637	\$ 8,812,957	\$ 9,758,942	\$ 8,646,117	\$ 8,097,935	\$ 7,894,930	\$ 7,648,134
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.69%	18.54%	36.62%	40.93%	40.49%	27.60%	31.16%	31.68%	12.77%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note : GASB Statement No. 68, Paragraph 81.2 requires that the information on this schedule be data from the period corresponding with the period covered as of the TRS measurement date of August 31, 2022 - the period from September 1, 2021 - August 31, 2022.

Note : Only nine years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for periods for the 10-year schedules that are required to be presented as required supplementary information may be not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

SABINE INDEPENDENT SCHOOL DISTRICTSCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 399,985	\$ 358,022	\$ 319,079	\$ 268,943	\$ 241,977	\$ 243,633	\$ 238,828	\$ 212,270	\$ 189,869
Contributions in relation to the contractually required contribution	(399,985)	(358,022)	(319,079)	(268,943)	(241,977)	(243,633)	(238,828)	(212,270)	(189,869)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 11,584,054	\$ 10,873,192	\$ 10,309,112	\$ 9,625,890	\$ 8,757,890	\$ 8,715,734	\$ 8,550,526	\$ 8,086,672	\$ 7,828,681
Contributions as a percentage of covered-employee payroll	3.45%	3.29%	3.10%	2.79%	2.76%	2.80%	2.79%	2.62%	2.43%

Note : Only nine years of data is presented in accordance with GASB Statement No. 68, Paragraph 138. "The information for periods for the 10-year schedules that are required to be presented as required supplementary information may be not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

SABINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 LAST TEN FISCAL YEARS *

	Measurement Year Ended August 31,					
	2022	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.0134979%	0.0128386%	0.0126253%	0.0116699%	0.0117330%	0.0192360%
District's proportionate share of the collective net OPEB liability	\$ 3,231,945	\$ 4,952,440	\$ 4,799,442	\$ 5,518,839	\$ 5,858,388	\$ 5,185,132
State proportionate share of the collective net OPEB liability associated with the District	3,942,465	6,635,166	6,449,299	7,333,303	7,222,191	\$ 6,436,714
Total	<u>\$ 7,174,410</u>	<u>\$ 11,587,606</u>	<u>\$ 11,248,741</u>	<u>\$ 12,852,142</u>	<u>\$ 13,080,579</u>	<u>\$ 11,621,846</u>
District's covered-employee payroll	\$ 11,114,309	\$ 10,382,985	\$ 9,761,637	\$ 8,812,857	\$ 8,758,942	\$ 8,646,117
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	29.08%	47.70%	49.17%	62.62%	66.88%	59.97%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

Note : Only six years of data is presented in accordance with GASB Statement No. 75, Paragraph 245. "The information for periods for the 10-year schedules that are required to be presented as required supplementary information may be not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

SABINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	For the Fiscal Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Statutorily or contractually required District contribution	\$ 101,659	\$ 108,182	\$ 100,021	\$ 94,246	\$ 82,187	\$ 77,767
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(101,659)	(108,182)	(100,021)	(94,246)	(82,187)	(77,767)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 11,584,054	\$ 10,873,192	\$ 10,309,112	\$ 9,625,890	\$ 8,757,890	\$ 8,715,734
Contributions as a percentage of covered-employee payroll	0.88%	0.99%	0.97%	0.98%	0.94%	0.89%

Note : Only six years of data is presented in accordance with GASB Statement No. 75, Paragraph 245. "The information for periods for the 10-year schedules that are required to be presented as required supplementary information may be not be available initially. In those cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

SABINE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Defined Benefit Pension Plan

Changes of benefit terms

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

Changes of assumptions

The single discount rate was reduced from 7.25% to 7%.

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

See Note H.9 to the financial statements for a description of changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

SABINE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes		Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 1,365,444	\$ 143,648	\$ 1,509,092
1240	Due from Other Governments	359,597	--	359,597
1260	Due from Other Funds	33,154	--	33,154
1300	Inventories	25,930	--	25,930
1000	Total Assets	<u>\$ 1,784,125</u>	<u>\$ 143,648</u>	<u>\$ 1,927,773</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 1,180	\$ --	\$ 1,180
2160	Accrued Wages Payable	138,877	--	138,877
2170	Due to Other Funds	377,178	--	377,178
2180	Due to Other Governments	11,040	--	11,040
2200	Accrued Expenditures	9,724	--	9,724
2300	Unearned Revenue	25,548	--	25,548
2000	Total Liabilities	<u>563,547</u>	<u>--</u>	<u>563,547</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	20,691	--	20,691
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	631,879	--	631,879
3490	Other Restrictions of Fund Balance	436,094	143,648	579,742
Committed Fund Balances:				
3545	Other Committed Fund Balance	131,914	--	131,914
3000	Total Fund Balances	<u>1,220,578</u>	<u>143,648</u>	<u>1,364,226</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,784,125</u>	<u>\$ 143,648</u>	<u>\$ 1,927,773</u>

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

Data Control Codes		Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 2,039,151	\$ 5,585	\$ 2,044,736
5800	State Program Revenues	244,979	--	244,979
5900	Federal Program Revenues	1,407,062	--	1,407,062
5020	Total Revenues	<u>3,691,192</u>	<u>5,585</u>	<u>3,696,777</u>
EXPENDITURES:				
Current:				
0011	Instruction	1,216,239	--	1,216,239
0012	Instructional Resources and Media Services	6,241	--	6,241
0013	Curriculum and Staff Development	35,386	--	35,386
0021	Instructional Leadership	334,975	--	334,975
0023	School Leadership	9,492	--	9,492
0031	Guidance, Counseling, and Evaluation Services	404,537	--	404,537
0033	Health Services	13,772	--	13,772
0035	Food Service	1,068,507	--	1,068,507
0036	Cocurricular/Extracurricular Activities	184,403	--	184,403
0041	General Administration	33,013	--	33,013
0051	Facilities Maintenance and Operations	17,073	--	17,073
0052	Security and Monitoring Services	4,259	--	4,259
0053	Data Processing Services	11,511	--	11,511
0061	Community Services	580	--	580
0093	Payments to Shared Service Arrangements	88,436	--	88,436
6030	Total Expenditures	<u>3,428,424</u>	<u>--</u>	<u>3,428,424</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>262,768</u>	<u>5,585</u>	<u>268,353</u>
1200	Net Change in Fund Balances	<u>262,768</u>	<u>5,585</u>	<u>268,353</u>
0100	Fund Balances - Beginning	957,810	138,063	1,095,873
3000	Fund Balances - Ending	<u>\$ 1,220,578</u>	<u>\$ 143,648</u>	<u>\$ 1,364,226</u>

SABINE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	284 IDEA-B of the ARPA
ASSETS:					
1110	Cash and Cash Equivalents	\$ --	\$ 653,041	\$ --	\$ --
1240	Due from Other Governments	32,968	4,287	6,023	--
1260	Due from Other Funds	--	--	--	33,154
1300	Inventories	--	25,930	--	--
1000	Total Assets	<u>\$ 32,968</u>	<u>\$ 683,258</u>	<u>\$ 6,023</u>	<u>\$ 33,154</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ 180	\$ --	\$ --
2160	Accrued Wages Payable	6,259	4,620	--	3,620
2170	Due to Other Funds	25,718	--	6,023	29,118
2180	Due to Other Governments	--	--	--	--
2200	Accrued Expenditures	991	340	--	416
2300	Unearned Revenue	--	25,548	--	--
2000	Total Liabilities	<u>32,968</u>	<u>30,688</u>	<u>6,023</u>	<u>33,154</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	20,691	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	631,879	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>652,570</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 32,968</u>	<u>\$ 683,258</u>	<u>\$ 6,023</u>	<u>\$ 33,154</u>

288 Emergency Connectivity Fund	289 COVID-19 School Health Support Grant	314 IDEA-B Preschool	364 IDEA-B Formula of the ARPA	365 IDEA-B Preschool of the ARPA
\$ --	\$ 11,040	\$ --	\$ --	\$ --
221,457	--	18,992	59,558	3,206
--	--	--	--	--
--	--	--	--	--
<u>\$ 221,457</u>	<u>\$ 11,040</u>	<u>\$ 18,992</u>	<u>\$ 59,558</u>	<u>\$ 3,206</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
221,457	--	18,992	59,558	3,206
--	11,040	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>221,457</u>	<u>11,040</u>	<u>18,992</u>	<u>59,558</u>	<u>3,206</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 221,457</u>	<u>\$ 11,040</u>	<u>\$ 18,992</u>	<u>\$ 59,558</u>	<u>\$ 3,206</u>

SABINE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

Data Control Codes		397 Advanced Placement Incentives	410 State Textbook Fund	429 State Literacy Academy
ASSETS:				
1110	Cash and Cash Equivalents	\$ 2,340	\$ --	\$ 5
1240	Due from Other Governments	--	13,106	--
1260	Due from Other Funds	--	--	--
1300	Inventories	--	--	--
1000	Total Assets	<u>\$ 2,340</u>	<u>\$ 13,106</u>	<u>\$ 5</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	--	--	--
2170	Due to Other Funds	--	13,106	--
2180	Due to Other Governments	--	--	--
2200	Accrued Expenditures	--	--	--
2300	Unearned Revenue	--	--	--
2000	Total Liabilities	<u>--</u>	<u>13,106</u>	<u>--</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	--	--	--
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--
3490	Other Restrictions of Fund Balance	2,340	--	5
Committed Fund Balances:				
3545	Other Committed Fund Balance	<u>--</u>	<u>--</u>	<u>--</u>
3000	Total Fund Balances	<u>2,340</u>	<u>--</u>	<u>5</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,340</u>	<u>\$ 13,106</u>	<u>\$ 5</u>

437 SSA Special Education	459 SSA DAEP	461 Athletic Activity Funds	462 High School Activity Fund	463 Library Activity Fund
\$ 511,666	\$ 53,938	\$ 34,242	\$ 46,587	\$ 8,983
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 511,666</u>	<u>\$ 53,938</u>	<u>\$ 34,242</u>	<u>\$ 46,587</u>	<u>\$ 8,983</u>
\$ 1,000	\$ --	\$ --	\$ --	\$ --
106,325	16,553	--	1,500	--
--	--	--	--	--
--	--	--	--	--
6,250	1,727	--	--	--
--	--	--	--	--
<u>113,575</u>	<u>18,280</u>	<u>--</u>	<u>1,500</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
398,091	35,658	--	--	--
--	--	34,242	45,087	8,983
<u>398,091</u>	<u>35,658</u>	<u>34,242</u>	<u>45,087</u>	<u>8,983</u>
<u>\$ 511,666</u>	<u>\$ 53,938</u>	<u>\$ 34,242</u>	<u>\$ 46,587</u>	<u>\$ 8,983</u>

SABINE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2023

Data Control Codes	464 Middle School Activity Fund	465 Elementary Activity Fund	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:			
1110 Cash and Cash Equivalents	\$ 16,188	\$ 27,414	\$ 1,365,444
1240 Due from Other Governments	--	--	359,597
1260 Due from Other Funds	--	--	33,154
1300 Inventories	--	--	25,930
1000 Total Assets	<u>\$ 16,188</u>	<u>\$ 27,414</u>	<u>\$ 1,784,125</u>
LIABILITIES:			
Current Liabilities:			
2110 Accounts Payable	\$ --	\$ --	\$ 1,180
2160 Accrued Wages Payable	--	--	138,877
2170 Due to Other Funds	--	--	377,178
2180 Due to Other Governments	--	--	11,040
2200 Accrued Expenditures	--	--	9,724
2300 Unearned Revenue	--	--	25,548
2000 Total Liabilities	<u>--</u>	<u>--</u>	<u>563,547</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410 Inventories	--	--	20,691
Restricted Fund Balances:			
3450 Federal/State Funds Grant Restrictions	--	--	631,879
3490 Other Restrictions of Fund Balance	--	--	436,094
Committed Fund Balances:			
3545 Other Committed Fund Balance	16,188	27,414	131,914
3000 Total Fund Balances	<u>16,188</u>	<u>27,414</u>	<u>1,220,578</u>
4000 Total Liabilities and Fund Balances	<u>\$ 16,188</u>	<u>\$ 27,414</u>	<u>\$ 1,784,125</u>

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SABINE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		211 ESEA Title I Improving Basic Programs	225 IDEA-Part B Preschool Grant	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 360,013	\$ --
5800	State Program Revenues	--	--	38,239	--
5900	Federal Program Revenues	190,086	2,966	796,227	28,006
5020	Total Revenues	190,086	2,966	1,194,479	28,006
EXPENDITURES:					
Current:					
0011	Instruction	188,901	2,966	--	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	1,185	--	--	28,006
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	--	--	--
0033	Health Services	--	--	--	--
0035	Food Service	--	--	1,068,507	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	190,086	2,966	1,068,507	28,006
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	125,972	--
1200	Net Change in Fund Balances	--	--	125,972	--
0100	Fund Balances - Beginning	--	--	526,598	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ 652,570	\$ --

263 Title III English Language Acquisition	279 Texas COVID Learning Acceleration	284 IDEA-B of the ARPA	285 IDEA-B Preschool of the ARPA	288 Emergency Connectivity Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
7,538	119	35,133	3,206	221,457
7,538	119	35,133	3,206	221,457
6,076	--	21,361	3,206	221,457
--	--	--	--	--
1,462	119	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	13,772	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
7,538	119	35,133	3,206	221,457
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --
\$ --	\$ --	\$ --	\$ --	\$ --

SABINE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		289 COVID-19 School Health Support Grant	314 IDEA-B Preschool	357 IDEA-B Formula of the ARPA	364 IDEA-B Formula of the ARPA
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	14,250	18,992	26,318	59,558
5020	Total Revenues	14,250	18,992	26,318	59,558
EXPENDITURES:					
Current:					
0011	Instruction	14,250	--	6,545	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	--	--	--
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	--	--	13,093	--
0033	Health Services	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	--	--	--
0093	Payments to Shared Service Arrangements	--	18,992	6,680	59,558
6030	Total Expenditures	14,250	18,992	26,318	59,558
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	\$ --	\$ --	\$ --	\$ --

365 IDEA-B Preschool of the ARPA	397 Advanced Placement Incentives	410 State Textbook Fund	429 State Literacy Academy	437 SSA Special Education
\$ --	\$ --	\$ --	\$ --	\$ 1,310,598
--	--	106,862	4,609	84,378
3,206	--	--	--	--
<u>3,206</u>	<u>--</u>	<u>106,862</u>	<u>4,609</u>	<u>1,394,976</u>
--	--	106,747	350	512,031
--	--	--	--	--
--	--	115	--	4,499
--	--	--	--	291,305
--	--	--	--	--
--	--	--	--	391,444
--	--	--	--	--
--	--	--	--	--
--	--	--	--	33,013
--	--	--	--	17,073
--	--	--	4,259	--
--	--	--	--	11,511
--	--	--	--	--
3,206	--	--	--	--
<u>3,206</u>	<u>--</u>	<u>106,862</u>	<u>4,609</u>	<u>1,260,876</u>
--	--	--	--	134,100
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>134,100</u>
--	2,340	--	5	263,991
\$ <u>--</u>	\$ <u>2,340</u>	\$ <u>--</u>	\$ <u>5</u>	\$ <u>398,091</u>

SABINE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	459 SSA DAEP	461 Athletic Activity Funds	462 High School Activity Fund
REVENUES:			
5700 Local and Intermediate Sources	\$ 127,002	\$ 71,002	\$ 32,394
5800 State Program Revenues	10,235	142	106
5900 Federal Program Revenues	--	--	--
5020 Total Revenues	<u>137,237</u>	<u>71,144</u>	<u>32,500</u>
EXPENDITURES:			
Current:			
0011 Instruction	88,728	--	--
0012 Instructional Resources and Media Services	--	--	--
0013 Curriculum and Staff Development	--	--	--
0021 Instructional Leadership	43,670	--	--
0023 School Leadership	--	--	--
0031 Guidance, Counseling, and Evaluation Services	--	--	--
0033 Health Services	--	--	--
0035 Food Service	--	--	--
0036 Cocurricular/Extracurricular Activities	--	82,711	22,833
0041 General Administration	--	--	--
0051 Facilities Maintenance and Operations	--	--	--
0052 Security and Monitoring Services	--	--	--
0053 Data Processing Services	--	--	--
0061 Community Services	--	--	--
0093 Payments to Shared Service Arrangements	--	--	--
6030 Total Expenditures	<u>132,398</u>	<u>82,711</u>	<u>22,833</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>4,839</u>	<u>(11,567)</u>	<u>9,667</u>
1200 Net Change in Fund Balances	<u>4,839</u>	<u>(11,567)</u>	<u>9,667</u>
0100 Fund Balances - Beginning	30,819	45,809	35,420
3000 Fund Balances - Ending	<u>\$ 35,658</u>	<u>\$ 34,242</u>	<u>\$ 45,087</u>

463 Library Activity Fund	464 Middle School Activity Fund	465 Elementary Activity Fund	466 District UIL Activity Fund
\$ 13,275	\$ 19,277	\$ 16,725	\$ 47,637
--	--	--	408
--	--	--	--
13,275	19,277	16,725	48,045
--	253	2,720	--
6,241	--	--	--
--	--	--	--
--	--	--	--
--	5,040	4,452	--
--	--	--	--
--	--	--	--
--	--	--	--
6,153	13,625	11,036	48,045
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
12,394	18,918	18,208	48,045
881	359	(1,483)	--
881	359	(1,483)	--
8,102	15,829	28,897	--
\$ 8,983	\$ 16,188	\$ 27,414	\$ --

SABINE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	481 Education Foundation Grant Fund	499 Donations for Families In Need	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ 40,648	\$ 580	\$ 2,039,151
5800 State Program Revenues	--	--	244,979
5900 Federal Program Revenues	--	--	1,407,062
5020 Total Revenues	<u>40,648</u>	<u>580</u>	<u>3,691,192</u>
EXPENDITURES:			
Current:			
0011 Instruction	40,648	--	1,216,239
0012 Instructional Resources and Media Services	--	--	6,241
0013 Curriculum and Staff Development	--	--	35,386
0021 Instructional Leadership	--	--	334,975
0023 School Leadership	--	--	9,492
0031 Guidance, Counseling, and Evaluation Services	--	--	404,537
0033 Health Services	--	--	13,772
0035 Food Service	--	--	1,068,507
0036 Cocurricular/Extracurricular Activities	--	--	184,403
0041 General Administration	--	--	33,013
0051 Facilities Maintenance and Operations	--	--	17,073
0052 Security and Monitoring Services	--	--	4,259
0053 Data Processing Services	--	--	11,511
0061 Community Services	--	580	580
0093 Payments to Shared Service Arrangements	--	--	88,436
6030 Total Expenditures	<u>40,648</u>	<u>580</u>	<u>3,428,424</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	262,768
1100 Expenditures	--	--	262,768
1200 Net Change in Fund Balances	--	--	--
0100 Fund Balances - Beginning	--	--	957,810
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,220,578</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

SABINE INDEPENDENT SCHOOL DISTRICTSCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2023

Year Ended June 30	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2014 and Prior Years	\$	Various	\$	Various	\$	Various
2015		1.04		.2528		440,509,407
2016		1.04		.233		394,057,690
2017		1.04		.2614		415,915,109
2018		1.04		.2614		398,971,911
2019		1.04		.2614		403,797,746
2020		.97		.2614		423,471,945
2021		.9664		.2614		411,321,600
2022		.9454		.2614		429,912,001
2023 (School Year Under Audit)		.8944		.2614		469,615,687
1000 Totals						

10 Beginning Balance 7/1/22	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/23
\$ 96,720	\$ --	\$ 2,090	\$ 90	\$ (51,501)	\$ 43,039
13,871	--	508	114	(326)	12,923
14,459	--	549	138	(223)	13,549
18,281	--	1,171	294	(130)	16,686
39,279	--	1,480	372	(50)	37,377
68,268	--	2,064	519	(78)	65,607
52,390	--	5,260	1,418	(3,690)	42,022
125,308	--	16,921	4,577	(5,213)	98,597
186,733	--	65,575	18,133	(20,143)	82,882
--	5,427,959	4,004,667	1,170,550	(70,115)	182,627
<u>\$ 615,309</u>	<u>\$ 5,427,959</u>	<u>\$ 4,100,285</u>	<u>\$ 1,196,205</u>	<u>\$ (151,469)</u>	<u>\$ 595,309</u>

SABINE INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT J-2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 100,000	\$ 360,952	\$ 360,013	\$ (939)
5800	State Program Revenues	30,000	34,600	38,239	3,639
5900	Federal Program Revenues	834,151	726,303	796,227	69,924
5020	Total Revenues	964,151	1,121,855	1,194,479	72,624
EXPENDITURES:					
Current:					
	Support Services - Student (Pupil):				
0035	Food Services	964,151	1,088,874	1,068,507	20,367
	Total Support Services - Student (Pupil)	964,151	1,088,874	1,068,507	20,367
6030	Total Expenditures	964,151	1,088,874	1,068,507	20,367
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	32,981	125,972	92,991
1200	Net Change in Fund Balance	--	32,981	125,972	92,991
0100	Fund Balance - Beginning	526,598	526,598	526,598	--
3000	Fund Balance - Ending	\$ 526,598	\$ 559,579	\$ 652,570	\$ 92,991

The accompanying notes are integral part of this statement.

SABINE INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-3**

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 1,183,706	\$ 1,225,706	\$ 1,228,030	\$ 2,324
5800	State Program Revenues	210,636	169,008	166,700	(2,308)
5020	Total Revenues	<u>1,394,342</u>	<u>1,394,714</u>	<u>1,394,730</u>	<u>16</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	600,000	600,000	600,000	--
0072	Interest on Long-Term Debt	323,230	322,790	322,790	--
0073	Bond Issuance Costs and Fees	500	500	500	--
	Total Debt Service	<u>923,730</u>	<u>923,290</u>	<u>923,290</u>	<u>--</u>
6030	Total Expenditures	<u>923,730</u>	<u>923,290</u>	<u>923,290</u>	<u>--</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>470,612</u>	<u>471,424</u>	<u>471,440</u>	<u>16</u>
1200	Net Change in Fund Balance	<u>470,612</u>	<u>471,424</u>	<u>471,440</u>	<u>16</u>
0100	Fund Balance - Beginning	<u>1,734,236</u>	<u>1,734,236</u>	<u>1,734,236</u>	<u>--</u>
3000	Fund Balance - Ending	<u>\$ 2,204,848</u>	<u>\$ 2,205,660</u>	<u>\$ 2,205,676</u>	<u>\$ 16</u>

The accompanying notes are an integral part of this statement.

SABINE INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF JUNE 30, 2023

Data Control Codes		Responses
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 1,198,351
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 694,165
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 104,829
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 46,442

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Certified Public Accountants

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Chanie A. Johnson, CPA

Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
Sabine Independent School District
5424 FM 1252 W
Gladewater, Texas 75647

Members of the Board of Trustees:

We have audited, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sabine Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Sabine Independent School District's basic financial statements, and have issued our report thereon dated November 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sabine Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Sabine Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sabine 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. 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 Sabine 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*.

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.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.

Longview, Texas
November 7, 2023

KAREN A. JACKS & ASSOCIATES, P.C.

Certified Public Accountants

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Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Sabine Independent School District
5424 FM 1252 W
Gladewater, Texas 75647

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sabine 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 Sabine Independent School District's major federal programs for the year ended June 30, 2023. Sabine 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, Sabine Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Sabine 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 Sabine 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 Sabine 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 Sabine 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 Sabine 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 Sabine 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 Sabine 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 Sabine 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.

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.

Karen A. Jacks & Associates, P.C.

Karen A. Jacks & Associates, P.C.

Longview, Texas
November 7, 2023

SABINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Version of compliance supplement used in audit: May 2023

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 / 10.555	Child Nutrition Cluster
84.425D	COVID-19 TCLAS - ESSER III
84.425D	COVID-19 ESSER II
84.425U	COVID-19 ARP ESSER III

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

SABINE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None.		

SABINE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023

None required.

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

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
CHILD NUTRITION CLUSTER:			
U. S. Department of Agriculture			
Passed Through State Department of Education:			
School Breakfast Program	10.553	00441	\$ 164,022
COVID-19 Supply Chain Assistance Grant	10.555	00441	45,153
National School Lunch Program	10.555	00441	515,958
Total ALN Number 10.555			561,111
Total Passed Through State Department of Education			725,133
Passed Through Texas Dept of Agriculture:			
National School Lunch Program (Non-cash)	10.555	00441	70,466
Summer Food Service Program	10.559	00441	628
Total Passed Through Texas Dept of Agriculture			71,094
Total U. S. Department of Agriculture			796,227
Total Child Nutrition Cluster			796,227
SPECIAL EDUCATION (IDEA) CLUSTER:			
U. S. Department of Education			
Passed Through Gregg County SSA:			
COVID-19 IDEA - B Formula ARP	84.027X	225350010929065350	1,979
COVID-19 IDEA - B Formula ARP	84.027X	225350020929065350	33,154
Total ALN Number 84.027X			35,133
IDEA-Part B, Preschool	84.173A	236610010929066610	2,966
COVID-19 IDEA - B Preschool ARP	84.173X	225360010929065000	3,206
Total Passed Through Gregg County SSA			41,305
Passed Through Region 11 Education Service Center:			
IDEA-B Discretionary	84.027A	092-906	1,000
Passed Through State Department of Education:			
SSA IDEA - Part B, Formula	84.027	236600010929066600	57,478
SSA IDEA - Part B, Formula	84.027	226600010929066600	3,020
Total ALN Number 84.027			57,478
COVID-19 IDEA - B Formula ARP	84.027A	225350010929065350	6,680
COVID-19 IDEA - B Formula ARP	84.027X	225350010929065350	59,558
SSA IDEA - Part B, Preschool	84.173	236610010929066000	18,992
COVID-19 IDEA - B Preschool ARP	84.173X	225360010929065000	3,206
Total Passed Through State Department of Education			145,914
Total U. S. Department of Education			145,914
Total Special Education (IDEA) Cluster			145,914

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

EXHIBIT K-1
Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
OTHER PROGRAMS:			
U. S. Department of Health and Human Services			
Passed Through State Department of Education:			
COVID-19 School Health Support Grant	93.323	39352201	-- 14,250
Total U. S. Department of Health and Human Services			-- 14,250
U. S. Department of Education			
Passed Through State Department of Education:			
Emergency Connectivity Fund	32.009		-- 221,457
ESEA Title I Part A - Improving Basic Programs	84.010	22610101092906	-- 11,064
ESEA Title I Part A - Improving Basic Programs	84.010	23610101092906	-- 179,022
Total ALN Number 84.010			-- 190,086
Title III, Part A-English Language Acquisition	84.365	22671001092906	-- 300
Title III, Part A-English Language Acquisition	84.365	23671001092906	-- 7,238
Total ALN Number 84.365			-- 7,538
ESEA Title II, Part A - Supporting Effective Instruction	84.367	22694501092906	-- 2,159
ESEA Title II, Part A - Supporting Effective Instruction	84.367	23694501092906	-- 25,847
Total ALN Number 84.367			-- 28,006
COVID-19 CRRSA ESSER II	84.425D	21521001092906	-- 567,185
COVID-19 ARP ESSER III	84.425U	21528001092906	-- 352,759
COVID-19 ESSER III (TCLAS)	84.425U	21528042092906	-- 119
Total ALN Number 84.425U			-- 352,878
Total Passed Through State Department of Education			-- 1,367,150
Total U. S. Department of Education			-- 1,367,150
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 145,914 \$ 3,363,352

The accompanying notes are an integral part of this schedule.

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

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Sabine Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Sabine Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C - Reconciliation of Federal Revenues to Federal Expenditures

Federal revenue in the accompanying financial statements include federal source revenues which are not considered federal assistance for purposes of the Schedule of Expenditures of Federal Awards. A reconciliation follows:

Total Federal Expenditures, Exhibit K-1	\$	3,363,352
Other Federal Revenues:		
School Health and Related Services (SHARS)		327,199
Total Federal Revenues, Exhibit C-2	\$	<u>3,690,551</u>

Note D - Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of commodities received and disbursed. At June 30, 2023, the District has food commodities of \$5,239 in inventory.

SABINE INDEPENDENT SCHOOL DISTRICTSCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2023

Data Control Codes		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 Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) 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.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 669,063