

**NUECES CANYON CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2023

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
for the Year Ended August 31, 2023

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CERTIFICATE OF BOARD

Nueces Canyon Consolidated
Independent School District
Name of School District

Edwards
County

069-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2023, at a meeting of the board of trustees of such school district on the 15th day of January, 2024.

Signature of Board **Secretary**

Signature of Board **President**

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

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EDE & COMPANY, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Nueces Canyon Consolidated Independent School District
P. O. Box 118
Barksdale, TX 78828

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nueces Canyon Consolidated 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 the Nueces Canyon Consolidated Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 Nueces Canyon Consolidated Independent School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nueces Canyon Consolidated 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 and Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions for Pensions, Schedule of the District's Proportionate Share of the Net OPEB Liability, and Schedule of the District's Contributions for Other Post-Employment Benefits as listed 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 Government 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nueces Canyon Consolidated Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements

or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in exhibits identified in the Table of Contents as J-1 through- J-4, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2024, on our consideration of the Nueces Canyon Consolidated 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 the Nueces Canyon Consolidated 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 Nueces Canyon Consolidated Independent School District's internal control over financial reporting and compliance.

Ede & Company, LLC
Ede & Company. LLC
Certified Public Accountants
Uvalde, Texas

January 12, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Nueces Canyon Consolidated Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$4,145.5 thousand at August 31, 2023.
- During the year, the District's expenses were \$57.1 thousand less than the \$4,883.3 thousand generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$3,358.2 thousand.

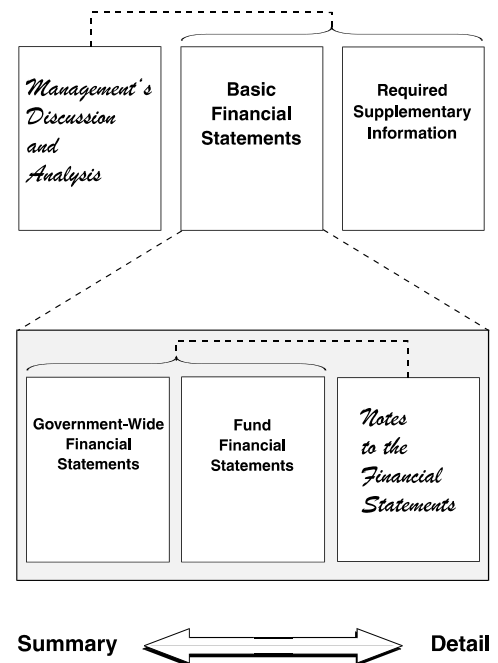
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the District's Annual Financial Report



Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$4,145.5 thousand at August 31, 2023. (See Table A-1).

Table A-1
Nueces Canyon Consolidated Independent School District's Net Position
(in thousands dollars)

	Governmental Activities		Total Percentage Change 2023-2022
	2023	2022	
Current assets:			
Cash and cash equivalents	\$ 3,562.3	\$ 3,067.9	16.1%
Property taxes receivable	611.6	595.8	2.7%
Allowance for uncollectible taxes	(104.0)	(119.2)	-12.8%
Due from other governments	289.6	667.4	-56.6%
Due from fiduciary funds	-	-	0.0%
Other receivables	-	1.3	100.0%
Total current assets	4,359.5	4,213.2	3.5%

Noncurrent assets:			
Capital Assets	8,138.7	8,041.9	1.2%
Less accumulated depreciation	(5,873.2)	(5,612.3)	4.6%
Total noncurrent assets	2,265.5	2,429.6	-6.8%
Total Assets	6,625.1	6,642.8	-0.3%
Deferred Outflows of Resources			
Deferred Outflow - Pensions	493.9	387.1	27.6%
Deferred Outflow - OPEB	852.5	1,007.6	-15.4%
Total Deferred Outflows of Resources	1,346.4	1,394.7	-3.5%
Current liabilities:			
Accounts payable	55.0	23.4	135.0%
Accrued wages payable	166.3	151.5	9.8%
Accrued expenses	4.3	4.1	4.9%
Due to Other Governments	155.4	-	100.0%
Total current liabilities	381.0	179.0	112.8%
Long-term liabilities:			
Net Pension Liability	1,005.2	472.2	112.9%
Net OPEB Liability	806.2	1,420.5	-43.2%
Total Long-term liabilities	1,811.4	1,892.7	-4.3%
Total Liabilities	2,192.4	2,071.7	5.8%
Deferred Inflows of Resources			
Deferred Inflow - Pensions	144.5	533.7	-72.9%
Deferred Inflow - OPEB	1,489.0	1,096.1	35.8%
Total Deferred Outflows of Resources	1,633.5	1,629.8	0.2%
Net Position:			
Invested in capital assets	2,265.4	2,429.5	-6.8%
Restricted for federal and state programs	138.8	140.1	-0.9%
Unrestricted	1,741.3	1,766.5	-1.4%
Total Net Position	\$ 4,145.5	\$ 4,336.1	-4.4%

The \$1,741.4 thousand of unrestricted net asset represents the sources available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$4,883.3 thousand. A significant portion, 64 percent, of the District's revenue comes from taxes. (See Figure A-3.) 8 percent comes from state aid – formula grants, while 1 percent relates to charges for services.

The total cost of all programs and services was \$4,826.1 thousand; 46 percent of these costs are for instructional and student services. (See Figure A-4.) and 8 percent is spent on plant maintenance.

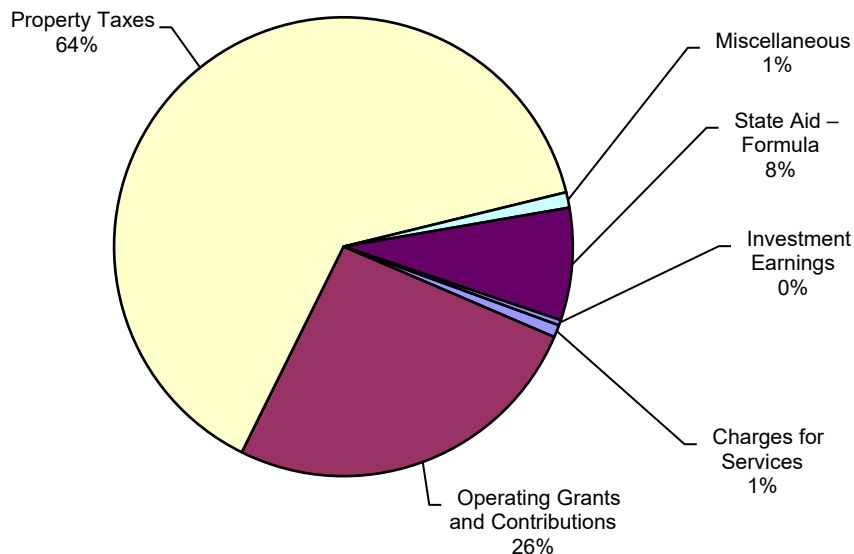
Governmental Activities

- Property tax rates decrease from \$0.9967 in 2022 to \$0.94290 in 2023. Valuations increased 15.73%. This resulted in tax revenues increasing 10.6%.

Table A-2

Changes in Nueces Canyon Consolidated Independent School District's Net Position
(In thousands dollars)

	Governmental Activities		Percentage Change
	2023	2022	2023-2022
Program Revenues:			
Charges for Services	\$ 43.4	\$ 36.9	17.6%
Operating Grants and Contributions	1,263.5	960.2	31.6%
General Revenue			
Property Taxes	3,118.9	2,820.4	10.6%
State Aid - Formula	386.8	652.0	-40.7%
Investment Earnings	17.5	2.3	660.9%
Other	53.2	21.9	142.9%
Total Revenue	<u>4,883.4</u>	<u>4,493.8</u>	<u>8.7%</u>
Instruction	2,235.6	2,097.8	6.6%
Instructional Resources and Media Services	46.9	53.1	-11.7%
Curriculum and Instructional Staff Development	17.6	12.7	38.6%
School Leadership	240.4	211.2	13.8%
Guidance Counseling and Evaluation Services	0.9	3.1	-71.0%
Health Services	14.7	19.2	-23.4%
Student (Pupil) Transportation	203.7	184.9	10.2%
Food Services	268.2	213.1	25.9%
Cocurricular/Extracurricular Activities	306.9	326.4	-6.0%
General Administration	364.4	276.6	31.7%
Plant Maintenance and Operations	389.9	372.6	4.6%
Security & Monitoring Services	165.6	50.6	227.3%
Data Processing Service	279.4	259.9	7.5%
Debt Service - Interest on long-term debt	-	-	0.0%
Contrated Instructional Services Between Schools	70.6	24.0	194.2%
Payment Related to Shared Services Arrangement	83.2	91.1	-8.7%
Other Governmental Charges	138.1	154.8	-10.8%
Total Expense	<u>4,826.1</u>	<u>4,351.1</u>	<u>10.9%</u>
Increase (Decrease) in Net Position	<u>\$ 57.3</u>	<u>\$ 142.7</u>	<u>-59.8%</u>

Figure A-3 2023 Revenue Sources

2023 Expenses by Function

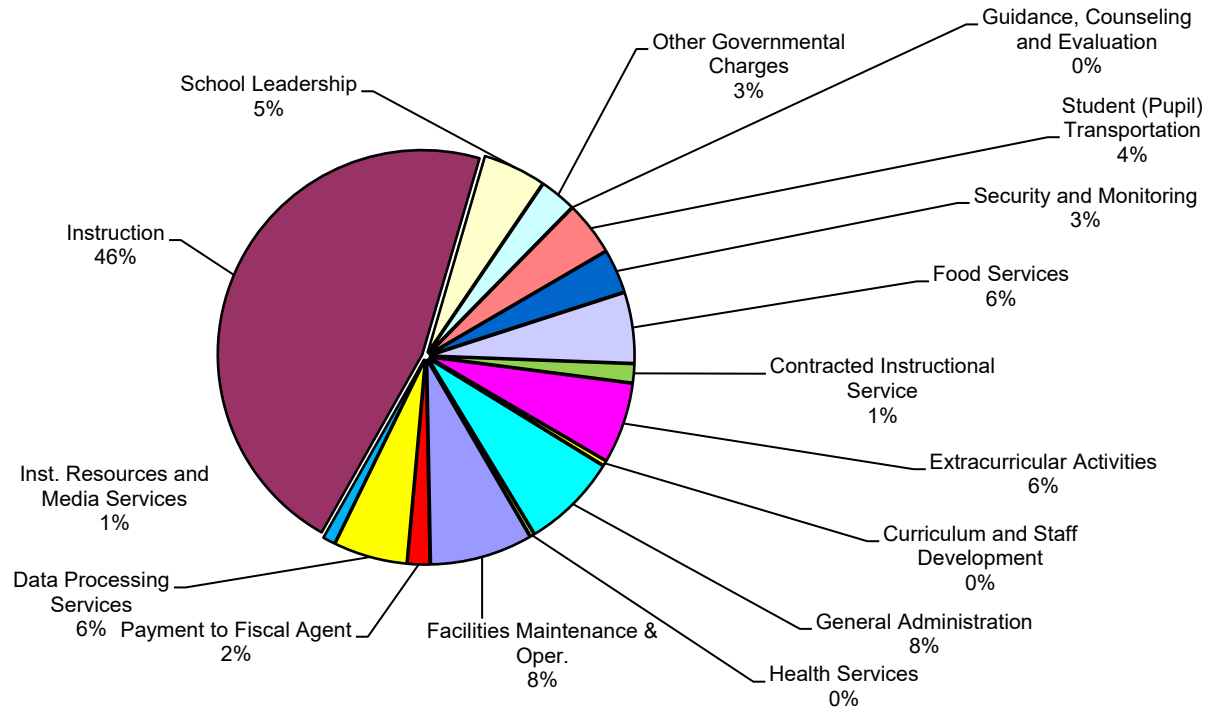


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$4,826.1 thousand.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$3,118.9 thousand.
- Some of the cost was paid by those who directly benefited from the programs \$43.4 thousand, or
- By grants and contributions \$1,263.5 thousand.

Table A-3
Net Cost of Selected District Functions
(in thousands of dollars)

	Total Costs of Services			Net Cost of Services		
	2023	2022	Percent Change	2023	2022	Percent Change
Instructional	\$ 2,235.6	\$ 2,097.8	6.6%	\$ 1,665.1	\$ 1,722.3	-3.3%
School Administration	240.4	211.2	13.8%	228.5	207.4	10.2%
Plant Maintenance & Operations	389.9	372.6	4.6%	334.3	311.9	7.2%
Food Service	268.2	213.1	25.9%	30.2	(38.4)	-178.6%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$5,068.2 thousand, an increase of 6.9% from the preceding year.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget many times. Even with these adjustments, actual expenditures were \$198,832 less than the final budget amounts; also, resources available were \$27,601 more than the final budgeted amount. Some reasons for these differences are:

- Changes in personnel during the year.
- Major items and services were more than anticipated.
- State Revenue collections were less than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had invested \$8,138.7 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
District's Capital Assets
(in thousands of dollars)

	Governmental Activities		Total Percentage Change 2023-2022
	2023	2022	
Land	\$ 72.8	\$ 72.8	0.0%
Construction in Progress	-	-	0.0%
Building and Improvements	6,798.0	6,489.5	4.8%
Furniture & Equipment	1,267.9	1,479.6	-14.3%
Totals at historical cost	8,138.7	8,041.9	1.2%
Total Accumulated Depreciation	(5,873.2)	(5,612.3)	4.6%
Net Capital Assets	\$ 2,265.5	\$ 2,429.6	-6.8%

Debt Administration

The District paid off all debt during the year and had no debt outstanding at the end of the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2024 budget preparation are up 17.5% from 2023.
- Tax rates have been reduced from \$0.9967 in 2022 to \$0.9429 in 2023.
- The District's 2023 refined average daily attendance is expected to remain steady throughout the year.

These indicators were taken into account when adopting the general fund budget for 2023. Amounts available for appropriation in the general fund budget are approximately \$4.03 million, which is a 5.5% increase from 2022.

Expenditures are budgeted to increase to \$4.03 million. The District continues to coordinate local funds with federal funds to optimize instructional programs.

If these estimates are realized, the District's budgetary general fund balance is expected to remain the same by the close of 2024.

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 demonstrate 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 Services Department.

BASIC FINANCIAL STATEMENTS

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

1

Data Control Codes		Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 3,562,346
1220	Property Taxes Receivable (Delinquent)	611,621
1230	Allowance for Uncollectible Taxes	(103,976)
1240	Due from Other Governments	289,636
Capital Assets:		
1510	Land	72,750
1520	Buildings, Net	2,148,824
1530	Furniture & Fixtures, Net	43,861
1000	Total Assets	<u>6,625,062</u>
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred Outflows - Pension	493,900
1706	Deferred Outflows - OPEB	852,501
1700	Total Deferred Outflow of Resources	<u>1,346,401</u>
LIABILITIES		
2110	Accounts Payable	54,999
2160	Accrued Wages Payable	166,291
2180	Due to Other Governments	155,350
2200	Accrued Expenses	4,311
Noncurrent Liabilities		
2540	Net Pension Liability	1,005,244
2545	Net OPEB Liability	806,208
2000	Total Liabilities	<u>2,192,403</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflows - Pension	144,537
2606	Deferred Inflows- OPEB	1,488,989
2600	Total Deferred Inflow of Resources	<u>1,633,526</u>
NET POSITION		
3200	Invested in Capital Assets, Net of Related Debt	2,265,435
3820	Restricted for Federal and State Programs	138,754
3900	Unrestricted Net Position	<u>1,741,345</u>
3000	Total Net Position	<u>\$ 4,145,534</u>

The accompanying notes are an integral part of this statement.

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Data	1	3	4	6	
Control			Operating		
Codes		Charges for	Grants and	Governmental	
	Expenses	Services	Contributions	Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 2,235,629	\$ 37,251	\$ 533,299	\$ (1,665,079)
12	Instructional Resources and Media Services	46,899	-	4,814	(42,085)
13	Curriculum and Staff Development	17,561	-	3,198	(14,363)
23	School Leadership	240,407	-	11,879	(228,528)
31	Guidance Counseling and Evaluation Services	996	-	-	(996)
33	Health Services	14,683	-	13,046	(1,637)
34	Student (Pupil) Transportation	203,738	-	115,065	(88,673)
35	Food Services	268,247	-	238,005	(30,242)
36	Cocurricular/Extracurricular Activities	306,991	6,124	23,563	(277,304)
41	General Administration	364,350	-	9,932	(354,418)
51	Facilities Maintenance and Operations	389,894	-	55,619	(334,275)
52	Security and Monitoring Services	165,562	-	159,708	(5,854)
53	Data Processing Services	279,356	-	12,012	(267,344)
72	Debt Service - Interest on Long-Term Debt	-	-	-	-
81	Capital Outlay	-	-	-	-
91	Contracted Instructional Services Between Schools	70,564	-	-	(70,564)
93	Payments related to Shared Services Arrangements	83,156	-	-	(83,156)
99	Other Intergovernment Charges	138,061	-	83,404	(54,657)
	TG Total governmental activities	<u>4,826,094</u>	<u>43,375</u>	<u>1,263,544</u>	<u>(3,519,175)</u>
Data					
Control	General Revenues:				
Codes	Taxes:				
MT	Property Taxes, Levied for General Purposes				3,118,854
SF	State Aid - Formula Grants				386,785
IE	Investment Earnings				17,521
MI	Miscellaneous Local and Intermediate Revenue				53,187
TR	Total General Revenues and Transfers				<u>3,576,347</u>
CN	Change in Net Position				57,172
NB	Net Position—Beginning				4,088,362
PA	Prior Period Adjustment				-
NE	Net Position—Ending				<u>\$ 4,145,534</u>

The accompanying notes are an integral part of this statement.

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control		10 General Fund	20 Special Revenue Funds
ASSETS			
1110	Cash and Temporary Investments (market)	\$ 3,618,024	\$ (55,678)
1220	Property Taxes - Delinquent	611,621	-
1230	Allowance for Uncollectible Taxes (Credit)	(103,976)	-
1240	Due from Other Governments	98,760	190,875
1260	Due from Other Funds	-	-
1290	Other Receivables	-	-
1000	Total Assets	<u>\$ 4,224,429</u>	<u>\$ 135,197</u>
LIABILITIES			
2110	Accounts Payable	\$ 49,678	\$ 5,321
2120	Short Term Loans Payable	-	-
2160	Accrued Wages Payable	150,482	15,809
2170	Due to other funds	-	-
2180	Payable to Other Governments	155,350	-
2200	Accrued Expenditures/Expenses	3,050	1,260
2300	Unearned Revenue	-	-
2000	Total Liabilities	<u>358,560</u>	<u>22,390</u>
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue- Property Taxes	<u>507,645</u>	<u>-</u>
2600	Total Deferred Inflows of Resources	<u>507,645</u>	<u>-</u>
FUND BALANCE			
Restricted Fund Balance:			
3450	Federal or State Funds Grant Restrictions	-	112,807
Committed Fund Balance:			
3510	Construction	225,062	
3530	Capital Expenditures - Equipment	614,993	
3540	Self Insurance	14,000	-
Unassigned Fund Balance:			
3600	Unassigned Fund Balance	<u>2,504,169</u>	<u></u>
3000	Total Fund Balances	<u>3,358,224</u>	<u>112,807</u>
4000	Total Liabilities, Deferred Inflows, & Fund Balances	<u>\$ 4,224,429</u>	<u>\$ 135,197</u>

The accompanying notes are an integral part of this statement.

98	
Total Governmental	
Funds	
\$	3,562,346
	611,621
	(103,976)
	289,635
	-
	-
\$	<u>4,359,626</u>
\$	54,999
	-
	166,291
	-
	155,350
	4,310
	-
	<u>380,950</u>
	<u>507,645</u>
	<u>507,645</u>
	112,807
	225,062
	614,993
	14,000
	<u>2,504,169</u>
	<u>3,471,031</u>
\$	<u><u>4,359,626</u></u>

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

Total Fund Balances - Governmental Funds	\$ 3,471,031
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$ 7,484,274 and accumulate depreciation was \$5,612,329. The net effect of including the beginning balances for the capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	2,108,776
2 Current year capital outlays and long-term debt principal payments are expended in the fund financial statements, but the should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase net position.	417,531
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$387,094, a Deferred Resource Inflow in the amount of \$533,746 and a net pension liability in the amount of \$472,164. The impact of this on Net Position is (618,816). Changes from the current year reporting of the TRS plan resulted in a increase in net position in the amount of (\$37,065). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$655,881).	(655,881)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the beginning of the year, the net position related to OPEB was a Deferred Resource Outflow in the amount of \$1,007,550, a Deferred Resource Inflow in the amount of \$1,096,049 and a net OPEB liability in the amount of \$1,420,471. The impact of this on Net Position is (1,508,970). Changes from the current year reporting of the OPEBS plan resulted in a in net position in the amount of \$37,065. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$1,442,696).	(1,442,696)
5 The 2023 depreciation expense increased accumulate Depreciation. The net effect on the current year's depreciation is to decrease net position.	(260,872)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	507,645
19 Net Position of Governmental Activities	<u><u>\$ 4,145,534</u></u>

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NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2023

Data	10	20
Control	General	Special Revenue
Codes	Fund	Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 3,423,396	\$ 17,058
5800 State Program Revenues	571,000	170,826
5900 Federal Program Revenues	67,735	818,187
5020 Total Revenue	<u>4,062,131</u>	<u>1,006,071</u>
EXPENDITURES:		
Current:		
0011 Instruction	1,923,166	292,564
0012 Instructional Resources and Media Services	43,118	4,260
0013 Curriculum and Instructional Staff Development	12,077	3,198
0023 School Leadership	240,601	8,522
0031 Guidance Counseling and Evaluation Services	198	-
0033 Health Services	2,024	12,796
0034 Student (Pupil) Transportation	163,254	111,133
0035 Food Services	4,771	265,626
0036 Cocurricular/Extracurricular Activities	257,007	22,452
0041 General Administration	353,838	8,644
0051 Plant Maintenance and Operations	339,410	53,310
0052 Security and Monitoring Services	4,667	159,708
0053 Data Processing Services	281,776	8,520
Capital Outlay:		
0081 Facilities Acquisition and Construction	286,414	-
Intergovernmental:		
0091 Contracted Instructional Services Between Schools	70,564	-
0093 Payments to Fiscal Agent/Member Districts of SSA	83,156	-
0099 Other Intergovernmental Charges	54,657	83,404
6030 Total Expenditures	<u>4,120,698</u>	<u>1,034,137</u>
1100 Excess (Deficiency) Revenues Over Expenditures	<u>(58,567)</u>	<u>(28,066)</u>
OTHER FINANCING SOURCES (USES):		
7915 Operating Transfers In	-	-
8911 Operating Transfers Out	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	(58,567)	(28,066)
0100 Fund Balance - September 1 (Beginning)	3,416,791	140,873
1300 Prior Period Adjustment	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,358,224</u>	<u>\$ 112,807</u>

The accompanying notes are an integral part of this statement.

98
Total Governmental
Funds

\$ 3,440,454
741,826
885,922
5,068,202

2,215,730
47,378
15,275
249,123
198
14,820
274,387
270,397
279,459
362,482
392,720
164,375
290,296

286,414

70,564
83,156
138,061

5,154,835

(86,633)

-

-

-

(86,633)

3,557,664

-

\$ 3,471,031

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

Total Net Change in Fund Balances - Governmental Funds	\$ (86,633)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase net position.	417,531
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect on the current year's depreciation is to decrease net position.	(260,872)
Current year changes due to GASB 68 increased revenues in the amount of \$23,823 but also increased expenditures in the amount of \$60,888. The net effect on the change in the ending net position was a decrease in the amount of \$37,065	(37,065)
Current year changes due to GASB 75 decreased revenues in the amount of \$166,695 but also decreased expenditures in the amount of \$232,969. The net effect on the change in the ending net position was an increase in the amount of \$66,274.	66,274
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(42,063)
Change in Net Position of Governmental Activities	<u>\$ 57,172</u>

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED AUGUST 31, 2023

	<u>Custodial Funds</u>
ASSETS:	
Cash & Cash Equivalents	\$ 17,756
Due From Other Funds	<u>-</u>
Total Assets	<u>17,756</u>
LIABILITIES:	
Accounts Payable	-
Payroll Deductions	272
Due to Other Funds	-
Due to Student Groups	<u>-</u>
Total Liabilities	<u>272</u>
NET POSITION	
Restricted for Other Purposes	<u>17,484</u>
Total Net Position	<u>\$ 17,484</u>

The accompanying notes are an integral part of this statement.

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2023

	Total Custodial Funds
ADDITIONS:	
Miscellaneous Revenue - Student Activities	\$ 76,502
Investment Earning	-
Contribution, Gifts and Donations	-
Total Additions	<u>76,502</u>
DEDUCTIONS:	
Supplies and Materials	98,856
Scholarship Payments	-
Other Deductions	-
Total Deductions	<u>98,856</u>
Changes in Fiduciary Net Positions	(22,354)
Total Net Position - September 1 (Beginning)	39,838
Total Net Position - August 31 (Ending)	<u>\$ 17,484</u>

The accompanying notes are an integral part of this statement.

**NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nueces Canyon Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *GASB Statement No. 76*; and it complies with the requirements of the appropriate version of *Texas Education Agency's Financial Accountability System Resource Guide* (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

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

Fair Value Measurement. As of August 31, 2023, Nueces Canyon Independent School District retrospectively / prospectively applied Government Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **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

Additionally, the District reports the following fund type(s):

Fiduciary Funds:

3. **Custodial Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The Districts Custodial Funds are the Student Activity Fund.

E. FUND BALANCE POLICY

Nueces Canyon Independent School District reports fund balance for governmental funds in classifications based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or must be maintained intact and therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees. However, the Board has adopted fund balance policies for the three unrestricted classifications - committed, assigned, and unassigned.

From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions and other purposes determined by the Board.

The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

F. OTHER ACCOUNTING POLICIES

1. The District records purchases of supplies as expenditures.
2. The District records its investments in external investment pools at cost, which approximates fair value.

3. The District provides risk management obligations by carrying appropriate insurance. Property and general liability insurance are obtained from the Texas Association of School Boards Risk Management Fund. Risk of loss is not retained by the District.
4. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
5. The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.
6. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
7. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government.
8. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Infrastructure	40
Vehicles	10
Office Equipment	10
Computer Equipment	10

9. In addition to assets, the statement of financial position 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 that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Districts deferred outflows of resources consist of differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (OPEB), change in proportion and differences between employer's contributions and the proportionate share of contributions (pension & OPEB), and contributions paid to TRS subsequent to the measurement date (pension & OPEB).

10. In addition to liabilities, the statement 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. In the government wide financial statements, the District reports a deferred inflow of resources for differences between expected and actual actuarial experience (pension & OPEB), changes in actuarial assumptions (pension & OPEB), differences between projected and actual investment earnings (pension), and changes in proportion and differences between employer's contributions and the proportionate share of contributions (pension).

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, and the Food Service Fund (which is included in Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the Food Service Fund Budget is in Exhibit J-2.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not participating in foreign currency transactions.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of Use U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Nueces Canyon Consolidated Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2023, Nueces Canyon Consolidated Independent School District had the following investments.

<u>Investment Type</u>	Investment Maturities		Credit Rating
	Fair Value	(in years) Less Than 1	
None			

Additional polices and contractual provisions governing deposits and investments for Nueces Canyon Consolidated Independent School District are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to depository bank certificates of deposits and state sponsored investment pools.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District investments in both depository bank certificates of deposits and state sponsored investment pools. As of the end of the fiscal year, the District had no investments.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currencies.

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND RECEIVABLES AND PAYABLES

None

E. CAPITAL ASSET ACTIVITY

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

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 72,750	\$ -	\$ -	\$ 72,750
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>72,750</u>	<u>-</u>	<u>-</u>	<u>72,750</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	6,489,485	308,528	-	6,798,013
Furniture and Equipment	<u>1,479,615</u>	<u>109,003</u>	<u>-</u>	<u>1,588,618</u>
Total capital assets being depreciated	<u>7,969,100</u>	<u>417,530</u>	<u>-</u>	<u>8,386,631</u>
Less accumulated depreciation for:				
Buildings and Improvements	4,453,459	195,730	-	4,649,189
Furniture and Equipment	<u>1,158,870</u>	<u>65,142</u>	<u>-</u>	<u>1,224,012</u>
Total accumulated depreciation	<u>5,612,329</u>	<u>260,872</u>	<u>-</u>	<u>5,873,201</u>
Total capital assets being depreciated, net	<u>2,356,771</u>	<u>156,659</u>	<u>-</u>	<u>2,513,430</u>
Governmental activities capital assets, net	<u>\$ 2,429,521</u>	<u>\$ 156,659</u>	<u>\$ -</u>	<u>\$ 2,586,180</u>

Depreciation was charged to functions as follows:

Instruction	\$ 121,676
Instructional Resources & Media Services	1,634
Curriculum & Instructional Staff Development	2,286
School Leadership	4,174
Guidance, Counseling & Evaluation Services	798
Health Services	814
Student (Pupil) Transportation	52,739
Food Services	3,048
Cocurricular/Extracurricular Activities	33,961
General Administration	7,869
Plant Maintenance and Operations	28,301
Security and Monitoring Services	1,187
Data Processing Services	2,385
Payments to Fiscal Agent/Member Districts of SSA	-
Governmental activities capital assets, net	<u>\$ 260,871</u>

F. DEFINED BENEFIT PENSION PLAN

Plan Description. Nueces Canyon Consolidated Independent School 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). TRS's defined benefit pension plan is 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detailed information about the 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.

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

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

years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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

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

Contribution Rates		
	<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%
Nueces Canyon Consolidated ISD 2023 Employer Contributions		\$ 82,751
Nueces Canyon Consolidated ISD 2023 Member Contributions		\$ 182,731
Nueces Canyon Consolidated ISD Measurement Year NECE On-Behalf Contributions		\$ 131,975

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

As the non-employer contributing entity for public education, 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, including public schools, are required to pay the employer contribution rate in the following instances:

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

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 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions.

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August, 2022	3.91% - Source for the rate is the Fixed income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 Years)	2121
Inflation	2.3%
Salary Increases Including Inflation	2.95% to 8.95%
Ad hoc Post Employment Benefit Changes	None

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

Discount Rate. A single discount rate of 7.0% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.0%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% 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 7.0%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 are summarized below:

Asset Class	Target Allocation ² %	Long-Term Expected Geometric Real Rate of Return ³	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 Fund	5.0%	3.4%	0.18%
Real Return			
Real Assets	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			
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 ⁴			(0.91)%
Expected Return	100%		8.19%

¹ Absolute Return includes Credit Sensitive Investments.

² Target Allocation are based on the FY2022 policy model

³ Capital market Assumptions come from Aon Hewitt (as of 08/31/2022).

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.0%) in measuring the 2022 Net Pension Liability.

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
Nueces Canyon Consolidated ISD's proportionate share of the net pension liability:	\$ 1,563,778	\$ 1,005,244	\$ 552,525

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, Nueces Canyon Consolidated Independent School District reported a liability of \$1,005,244 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Nueces Canyon Consolidated Independent School District. The amount recognized by Nueces Canyon Consolidated Independent School 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 Nueces Canyon Consolidated Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 1,005,244
State's proportionate share that is associated with the District	<u>1,629,881</u>
Total	<u>\$ 2,635,125</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0016932579% which was a 0.0001608061% decrease from its proportion measured as of August 31, 2021.

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2023, Nueces Canyon Consolidated Independent School District recognized pension expense of \$155,798 and revenue of \$155,798 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,576	\$ 21,916
Changes in actuarial assumptions	187,310	46,683
Difference between projected and actual investment earnings	99,315	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	109,948	75,938
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	82,751	
Total	\$ 493,900	\$144,537

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

Measurement Year ended August 31:	Pension Expense Amount
2023	\$ 71,129
2024	44,836
2025	24,757
2026	116,772
2027	9,118
Thereafter	(1)

G. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

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

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

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual 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.

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

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

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

TRS-Care Standard Plan Premium Rates Effective January 1, 2022 - December 31, 2023		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates

	<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 by employer	1.25%	1.25%

Nueces Canyon Consolidated ISD 2023 Employer Contributions	\$	18,664
Nueces Canyon Consolidated ISD 2023 Member Contributions	\$	14,847
Nueces Canyon Consolidated ISD Measurement Year NECE On-Behalf Contributions	\$	33,735

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

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

Actuarial Assumptions.

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation 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. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

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

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability	

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published 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 age-adjusted claims costs.
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 3.91% was used to measure the total OPEB liability. There was a decrease of .30% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the 2021 Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (3.14%)
Nueces Canyon Consolidated ISD's proportionate share of the net OPEB liability:	\$950,583	\$806,208	\$689,245

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Nueces Canyon Consolidated ISD's proportionate share of the net OPEB liability:	\$664,319	\$806,208	\$990,149

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, Nueces Canyon Consolidated Independent School District reported a liability of \$806,208 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to Nueces Canyon Consolidated Independent School District. The amount recognized by Nueces Canyon Consolidated Independent School 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 Nueces Canyon Consolidated Independent School District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 806,208
State's proportionate share that is associated with the District	<u>983,447</u>
Total	<u>\$ 1,789,655</u>

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

On August 31, 2022 the employer's proportion of the collective net OPBE liability was 0.0033670553% which was an increase (decrease) of (.0003153566%) from its proportion measured as of August 31, 2021.

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

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

For the year ended August 31, 2023, Nueces Canyon Consolidated Independent School District recognized OPEB expense of \$23,457 and revenue of \$23,457 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 44,822	\$ 671,644
Changes in actuarial assumptions	122,801	560,105
Difference between projected and actual investment earnings	2,401	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	663,813	257,240
Contributions paid to TRS subsequent to the measurement date	18,664	
Total	\$ 852,501	\$ 1,488,989

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

Measurement Year ended August	OPEB Expense Amount
2024	\$ (129,291)
2025	(129,283)
2026	(95,095)
2027	(48,809)
2028	(64,466)
Thereafter	(188,206)

H. MEDICARE PART D – ON BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which became 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. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. These payments totaled \$9,756, \$8,898 and \$12,452, for fiscal years 2021, 2022, and 2023, respectively.

I. HEALTH CARE COVERAGE

Beginning March, 2003, House Bill 3343 created a statewide program and requirement for public school employee group health coverage. All employees are eligible for coverage provided they are either active, contributing TRS member or employed for 10 or more hours each week. The Teacher Retirement System is the primary administering agency for the health insurance program, and both TEA and TRS provide funding for the program

J. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2023, are summarized below. All federal grants shown below are passed through the TEA.

<u>FUND</u>	<u>STATE ENTITLEMENT</u>	<u>FEDERAL GRANT</u>	<u>OTHER</u>	<u>TOTAL</u>
General	\$ 30,616	\$ -	\$ 68,144	\$ 98,760
Special Revenue	60,883	129,992	-	190,875
	<u>\$ 91,499</u>	<u>\$ 129,992</u>	<u>\$ 68,144</u>	<u>\$ 289,635</u>

K. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Property Taxes	\$ 3,134,785	\$ -	\$ 3,134,785
Penalties & Interest and Other			
Tax -related Income	214,686	-	214,686
Investment Income	17,521	-	17,521
Food Sales	-	17,058	17,058
Rent	25,389	-	25,389
Tuition	10,182	-	10,182
Co-curricular Student Activities	6,124	-	6,124
Other	14,709	-	14,709
	<u>\$ 3,423,396</u>	<u>\$ 17,058</u>	<u>\$ 3,440,454</u>

L. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

M. LITIGATION

The District is occasionally involved in litigation in the general course of business. Attorneys for the District indicate that the Nueces Canyon Consolidated Independent School District has no pending or threatened litigation as of August 31, 2023. No provision has been made in the financial statements regarding these matters.

O. NEGATIVE BUDGET VARIANCES

The District had negative budget variances in the following:

GENERAL FUND

Fund 41 General Administration	(37,970)
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REQUIRED SUPPLEMENTARY INFORMATION

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023

Data			
Control		Budgeted Amounts	
Codes		Original	Final
REVENUES:			
5700	Total Local and Intermediate Sources	\$ 3,384,862	\$ 3,385,862
5800	State Program Revenues	585,194	588,668
5900	Federal Program Revenues	60,000	60,000
5020	Total Revenue	<u>4,030,056</u>	<u>4,034,530</u>
EXPENDITURES:			
Current:			
0011	Instruction	1,986,924	1,976,924
0012	Instructional Resources and Media Services	43,642	48,242
0013	Curriculum and Instructional Staff Development	14,990	14,990
0023	School Leadership	236,952	246,952
0031	Guidance Counseling and Evaluation Services	5,700	5,700
0033	Health Services	17,772	8,072
0034	Student (Pupil) Transportation	166,480	166,480
0035	Food Services	4,200	7,800
0036	Cocurricular/Extracurricular Activities	255,925	265,425
0041	General Administration	293,368	315,868
0051	Plant Maintenance and Operations	399,557	399,557
0052	Security and Monitoring Services	4,870	9,370
0053	Data Processing Services	301,150	301,150
Capital Outlay:			
0081	Facilities Acquisition and Construction	5,000	290,000
Intergovernmental:			
0091	Contracted Instructional Services Between Schools	60,000	95,000
0093	Payments to Fiscal Agent/Member Districts of SSA	92,000	92,000
0099	Other Intergovernment Charges	146,000	76,000
6030	Total Expenditures	<u>4,034,530</u>	<u>4,319,530</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(4,474)</u>	<u>(285,000)</u>
OTHER FINANCING SOURCES (USES):			
8911	Operating Transfers Out	<u>(11,569)</u>	<u>(11,569)</u>
	Total Other Financing Sources (Uses)	<u>(11,569)</u>	<u>(11,569)</u>
1200	Net Change in Fund Balances	(16,043)	(296,569)
0100	Fund Balance - September 1 (Beginning)	3,416,791	3,416,791
1300	Cumulative Effect - Change in Accounting	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 3,400,748</u>	<u>\$ 3,120,222</u>

The accompanying notes are an integral part of this statement.

Actual Amounts (Budgetary Basis) (See Notes A)		Variance With Final Budget Favorable (Unfavorable)	
\$	3,423,396	\$	37,534
	571,000		(17,668)
	67,735		7,735
	4,062,131		27,601
	1,923,166		53,758
	43,118		5,124
	12,077		2,913
	240,601		6,351
	198		5,502
	2,024		6,048
	163,254		3,226
	4,771		3,029
	257,007		8,418
	353,838		(37,970)
	339,410		60,147
	4,667		4,703
	281,776		19,374
	286,414		3,586
	70,564		24,436
	83,156		8,844
	54,657		21,343
	4,120,698		198,832
	(58,567)		226,433
	-		11,569
	-		11,569
	(58,567)		238,002
	3,416,791		-
	-		-
\$	3,358,224	\$	238,002

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
Districts Proportion of the Net Pension Liability (Asset)	0.000016932579	0.001854064%	0.0017459894%	0.0014204368%	0.0015207732%	0.0015071628%	0.0016164906%	0.0017859000%	0.0008444000%
Districts Proportionate Share of the Net Pension Liability (Asset)	\$ 1,005,244	\$ 472,164	\$ 935,116	\$ 738,387	\$ 837,070	\$ 481,909	\$ 610,848	\$ 631,292	\$ 225,551
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	1,629,881	770,737	1,612,910	1,457,577	1,760,603	1,109,908	1,364,826	1,259,063	1,218,536
Total	<u>\$ 2,635,125</u>	<u>\$ 1,242,901</u>	<u>\$ 2,548,026</u>	<u>\$ 2,195,964</u>	<u>\$ 2,597,673</u>	<u>\$ 1,591,817</u>	<u>\$ 1,975,674</u>	<u>\$ 1,890,355</u>	<u>\$ 1,444,087</u>
District's Covered-Employee Payroll	\$ 2,293,673	\$ 2,102,660	\$ 2,072,142	\$ 1,862,681	\$ 1,973,041	\$ 1,986,806	\$ 2,007,778	\$ 1,875,067	\$ 1,994,513
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of covered-Employee Payroll	43.83%	22.46%	45.13%	39.64%	42.43%	24.26%	30.42%	33.67%	11.31%
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%

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 82,751	\$ 78,232	\$ 75,222	\$ 70,566	\$ 49,917	\$ 51,440	\$ 49,396	\$ 51,360	\$ 48,725
Contribution in Relation to the Contractually Required Contribution	(82,751)	(78,232)	(75,222)	(70,566)	(49,917)	(51,440)	(49,396)	(51,360)	(48,725)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,293,673	\$ 2,102,660	\$ 2,159,864	\$ 2,072,142	\$ 1,862,681	\$ 1,973,041	\$ 1,986,806	\$ 2,007,778	\$ 1,875,067
Contributions as a percentage of covered-Employee Payroll	3.61%	3.72%	3.48%	3.41%	2.68%	2.61%	2.49%	2.56%	2.60%

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
Districts Proportion of the Net OPEB Liability (Asset)	0.0033670553%	0.0036824119%	0.0034303425%	0.0021546429%	0.0024145581%	.0023948785%
Districts Proportionate Share of the Net OPEB Liability (Asset)	\$ 806,208	\$ 1,420,471	\$ 1,304,028	\$ 1,018,957	\$ 1,205,611	\$ 1,041,443
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	983,447	1,903,114	1,752,301	1,353,966	1,649,663	1,526,074
Total	<u>\$ 1,789,655</u>	<u>\$ 3,323,585</u>	<u>\$ 3,056,329</u>	<u>\$ 2,372,923</u>	<u>\$ 2,855,274</u>	<u>\$ 2,567,517</u>
District's Covered-Employee Payroll	\$ 2,293,673	\$ 2,102,660	\$ 2,072,142	\$ 1,862,681	\$ 1,973,041	\$ 1,986,806
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of covered-Employee Payroll	35.15%	67.56%	62.93%	54.70%	61.10%	52.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year Ended August 31,					
	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 18,664	\$ 17,490	\$ 26,492	\$ 25,003	\$ 15,359	\$ 16,695
Contribution in Relation to the Contractually Required Contribution	(18,664)	(17,490)	(26,492)	(25,003)	(15,359)	(16,695)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,293,673	\$ 2,102,660	\$ 2,159,864	\$ 2,072,142	\$ 1,862,681	\$ 1,973,041
Contributions as a percentage of covered-Employee Payroll	0.81%	0.83%	1.23%	1.21%	0.82%	0.85%

**NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023**

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

There were no changes in benefit terms since the prior measurement date.

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefit terms since the prior measurement date.

Changes in Assumptions.

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

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

REQUIRED T.E.A. SCHEDULES

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2023

For Years Ended August 31	(1)	(2)	(3)	(10)
	Tax Rates		Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/2022
	Maintenance	Debt Service		
2014 and prior years	Various	Various	Various	137,230
2015	1.17000	-	220,768,873	27,684
2016	1.17000	-	205,676,152	25,439
2017	1.17000	-	223,324,811	28,443
2018	1.17000	-	237,493,165	37,905
2019	1.17000	-	229,213,017	39,277
2020	1.06830	-	251,446,785	67,153
2021	1.05310	-	260,474,751	86,776
2022	0.99670	-	284,673,737	145,920
2023 (School year under audit)	0.94290	-	329,457,216	
				<u>595,827</u>
1000 TOTALS				<u><u>595,827</u></u>

(20) Current Year's Total Levy	(31) Maintenance Total Collections	(32) Debt Service Total Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
	12,256	-	(7,859)	117,115
	3,698	-	(1,400)	22,586
	5,073	-	(1,029)	19,337
	8,596	-	(399)	19,448
	13,941	-	(1,308)	22,656
	16,948	-	(2,880)	19,449
	34,057	-	631	33,727
	48,932	-	14,083	51,927
	83,326	-	20,173	82,767
<u>3,106,452</u>	<u>2,934,089</u>	<u>-</u>	<u>50,246</u>	<u>222,610</u>
<u><u>3,106,452</u></u>	<u><u>3,160,917</u></u>	<u><u>-</u></u>	<u><u>70,259</u></u>	<u><u>611,621</u></u>

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION PROGRAM
YEAR ENDED AUGUST 31, 2023

Data			
Control		Budgeted Amounts	
Codes		Original	Final
REVENUES:			
5700	Total Local and Intermediate Sources	\$ 12,158	\$ 28,158
5800	State Program Revenues	1,000	1,000
5900	Federal Program Revenues	162,365	226,365
5020	Total Revenue	<u>175,523</u>	<u>255,523</u>
EXPENDITURES:			
Current:			
0035	Food Services	<u>175,523</u>	<u>270,523</u>
6030	Total Expenditures	<u>175,523</u>	<u>270,523</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>-</u>	<u>(15,000)</u>
OTHER FINANCING SOURCES (USES):			
7915	Operating Transfers In	<u>-</u>	<u>-</u>
	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	<u>-</u>	<u>(15,000)</u>
0100	Fund Balance - September 1 (Beginning)	96,786	96,786
1300	Cumulative Effect - Change in Accounting	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 96,786</u>	<u>\$ 81,786</u>

The accompanying notes are an integral part of this statement.

Actual Amounts (Budgetary Basis) (See Notes A)		Variance With Final Budget Favorable (Unfavorable)	
\$	17,058	\$	(11,100)
	785		(215)
	219,091		(7,274)
	<u>236,934</u>		<u>(18,589)</u>
	<u>265,625</u>		<u>4,898</u>
	<u>265,625</u>		<u>4,898</u>
	<u>(28,691)</u>		<u>(13,691)</u>
	<u>-</u>		<u>-</u>
	<u>-</u>		<u>-</u>
	<u>(28,691)</u>		<u>(13,691)</u>
	138,754		41,968
	-		-
	<u></u>		<u></u>
\$	<u>110,063</u>	\$	<u>28,277</u>

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2023

Fiscal Year 2023

Data
Codes

Section A: Compensatory Education Programs

AP 1	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.	\$244,090
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$449,516

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$0
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$2,458

REPORTS ON INTERNAL CONTROLS, COMPLIANCE
AND FEDERAL AWARDS

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EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede, CPA
Donna Ede Jones, CPA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Independent Auditor's Report

Board of Trustees
Nueces Canyon Consolidated Independent School District
P. O. Box 118
Barksdale, TX 78828

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nueces Canyon Consolidated Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Nueces Canyon Consolidated Independent School District's basic financial statements, and have issued our report thereon dated January 12, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Nueces Canyon Consolidated Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nueces Canyon Consolidated Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Nueces Canyon Consolidated 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nueces Canyon Consolidated Independent School District's financial statements are free of 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 determination of financial statement amounts. 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*.

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.

Ede & Company, LLC
Ede & Company. LLC
Certified Public Accountants
Uvalde, Texas

January 12, 2024

EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede, CPA
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Kevin Ede, CPA

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

Board of Trustees
Nueces Canyon Consolidated Independent School District
P. O. Box 118
Barksdale, TX 78828

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Nueces Canyon Consolidated 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 Nueces Canyon Consolidated Independent School District's major federal programs for the year ended August 31, 2023. Nueces Canyon Consolidated 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, Nueces Canyon Consolidated 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 August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Nueces Canyon Consolidated 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 Nueces Canyon Consolidated 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 Nueces Canyon Consolidated 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 Nueces Canyon Consolidated 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 Nueces Canyon Consolidated 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 Nueces Canyon Consolidated 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 Nueces Canyon Consolidated 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 Nueces Canyon Consolidated 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., this report is not suitable for any other purpose

Ede & Company, LLC
Ede & Company. LLC
Certified Public Accountants
Uvalde, Texas

January 12, 2024

**NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023**

A. Summary of Auditor's Results

1. *Financial Statements*

Type of auditor's opinion(s) issued: Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified? _____yes Xno

Significant deficiency(ies) identified? _____yes Xnone reported

Noncompliance material to financial statements noted? _____yes Xno

2. *Federal Awards*

Internal control over major programs:

Material weakness(es) identified? _____yes Xno

Significant deficiency(ies) identified? _____yes Xnone reported

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

Any audit findings disclosed that are
required to be reported in accordance
with section 2 CFR-200.516(a) _____yes Xno

Identification of major programs:

<u>Name of federal program</u>	<u>CDFA Number</u>
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Covid-19 ESSER II	CFDA #84.425D
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Covid-19 ESSER III	CFDA #84.425U
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Dollar threshold used to distinguish between Type A
and Type B Programs \$750,000.00

Auditee qualified as low risk? _____yes Xno

**NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023**

B. Financial Statement Findings

There were no financial statement findings required to be reported in accordance with Government Auditing Standards.

C. Federal Award Findings and Questioned

There were no federal award findings and question costs required to be reported by the Uniform Guidance, Section 200.516(a).

**NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023**

There were no prior audit findings relative to federal awards; therefore, the summary schedule of prior audit findings is not required

**NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023**

There are no current year findings; therefore, a corrective action plan is not required.

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

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed through State Dept. of Education</u>			
ESEA Title I, Part A, Improving Basis Programs	84.010	23610101069902	\$ 122,252
ESEA Title I, Part A, Improving Basis Programs	84.010	24610101069902	12,483
Total CFDA Number 84.010			<u>134,735</u>
Covid-19- ESSER II	84.425D	21521001069902	105,305
Covid-19- ESSER Grant	84.425D	20521001069902	3,141
Total CFDA Number 84.425D			<u>108,446</u>
			-
Covid-19- ESSER III	84.425U	21528001069902	325,434
Total CFDA Number 84.425U			<u>325,434</u>
ESEA Title II , Part A Teacher & Principal Training	84.367A	23694501069902	16,068
ESEA Title II , Part A Teacher & Principal Training	84.367A	24694501069902	408
Total CFDA Number 84.367A			<u>16,476</u>
ESEA Title IV, Part A, Subpart 1	84.424A	23680101069902	13,201
ESEA Title IV, Part A, Subpart 1	84.424A	24680101069902	804
Total CFDA Number 84.424A			<u>14,005</u>
Total Passed Through State Dept. of Education			<u>\$ 599,095</u>
TOTAL DEPARTMENT OF EDUCATION			<u><u>\$ 599,095</u></u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through State Dept. of Education</u>			
* National School & Breakfast Program Cash	10.553	71402101	\$ 199,218
* Non Cash Assistance Lunch & Breakfast Programs	10.553	71400901	8,139
Total Passed Through State Dept. of Education			<u>207,357</u>
<u>Passed Through State Dept. of Agriculture</u>			
* Commodity Delivery Fee	10.555		195
* 2023 Supply Chain Grant	10.555	236TX400N8903	10,911
* Pandemic Benefit Transfer	10.555		628
Total Passed Through State Dept. of Agriculture			<u>11,734</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>\$ 219,091</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 818,187</u></u>

* Clustered Programs as required by Compliance Supplement March 2001.

The above amounts do not include receipts for SHARS of \$67,735 which is included in the general fund.

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2023

1. For all Federal programs, the District utilizes the fund types specified in the Texas Education Agency's ***Financial Accountability System Resource Guide***. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund determined by its measurement focus. The governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund which is a Governmental Fund type.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. The District must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and the District) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested and justified by the non-Federal entity, as applicable (2 CFR 200.344(a)). Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the performance as specified in the terms and conditions of the Federal award (2 CFR 200.344(b)).
4. CFDA numbers for commodity assistance are the CFDA numbers of the programs under which USDA donated the commodities.
5. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

SCHOOLS FIRST QUESTIONNAIRE

NUECES CANYON CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2023

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreements ?	No
SF3	Did the school district make timely payments to the Teacher Retirement System(TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds??	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?.	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	N/A