

**LUMBERTON INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2023

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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Lumberton Independent School District
Name of School District

Hardin
County

100-907
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 25th of January 2024.



Signature of Board Secretary



Signature of Board President

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





MITCHELL T FONTENOTE CPA, INC.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lumberton Independent School District
Lumberton, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lumberton Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Lumberton 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 Lumberton Independent School District, as of August 31, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Lumberton 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 Lumberton Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lumberton 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 Lumberton 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 on pages 5-10, budgetary comparison information on pages 43 and 64-65, and pension and OPEB schedules on pages 44-51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lumberton Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections 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 25, 2024, on our consideration of Lumberton 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 Lumberton 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 Lumberton Independent School District's internal control over financial reporting and compliance.

Mitchell T. Fontenote CPA, Inc.

Port Neches, Texas
January 25, 2024

In this section of the Annual Financial Report, we, the managers of the LUMBERTON INDEPENDENT SCHOOL DISTRICT (the District), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2023. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements that begin on page 11.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$36,604,159 at August 31, 2023.
- During the year, the District's expenses were \$3,564,397 less than the \$48,525,753 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$14,144,790. Of this amount, \$14,144,790 is for unrestricted use by the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: (1) management's discussion and analysis (this section), (2) the basic financial statements, and (3) required supplementary information.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They include the Statement of Net Position and the Statement of Activities that provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. 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 *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All changes in net position are reported for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide detailed information about the District's most significant funds, *not* the District as a whole.

- 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.

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

The District has the following kinds of funds:

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

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

The District maintains several individual governmental funds organized according to their type. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the District's most significant funds. The District's major governmental fund is the General Fund. Data for the remaining governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The Texas Education Agency also requires the District to present a budgetary comparison statement for one of its special revenue funds (food service) and the debt service fund.

- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. 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 separate Statements of Fiduciary Net Position on page 17-18.

Notes to the Financial Statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-40 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on page 41-50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities.

The District's combined net position was \$36,604,159 at August 31, 2023. (See Table I)

**Table I
Net Position**

	Governmental Activities		
	2023	2022	Change
Current and Other Asset	\$ 34,996,413	\$ 51,003,009	\$ (16,006,596)
Capital Assets	100,603,054	83,962,063	16,640,991
Total Assets	135,599,467	134,965,072	634,395
Total Deferred Outflows	6,470,299	4,871,014	(1,599,285)
Long-term Liabilities	91,235,789	91,556,097	(320,308)
Other Liabilities	4,048,576	3,961,010	87,566
Total Liabilities	95,284,365	95,517,107	(232,742)
Total Deferred Inflows	10,181,242	11,279,217	1,097,975
Net Position:			
Net Investment in Capital Asset	24,867,097	5,793,123	19,073,974
Restricted	15,759,671	32,349,841	(16,590,170)
Unrestricted	(4,022,609)	(5,103,202)	1,080,593
Total Net Position	\$ 36,604,159	\$ 33,039,762	\$ 3,564,397

Approximately \$24.8 million of the District's net position represent investments in capital assets net of related debt. Restricted net position is amounts contractually set aside for various purposes totaling \$15.8 million. The unrestricted net position represents resources available to fund the programs of the District next year, currently the unrestricted net position is (\$4.02) million due to the inclusion of the net pension and OPEB liabilities.

Changes in net position. The District's total revenues were \$48.5 million. A portion, 36 percent, of the District's revenue comes from local property taxes 43 percent comes from grants and contributions, while only 19 percent relates to charges for services and operating grants, and the remaining 2 percent relates to investment earnings and other miscellaneous revenue.

Total Cost of all programs and services was \$44,961,356. The net position of the District's governmental activities for the current year increased by \$3,564,397 (see Table II on page 8 of this report).

LUMBERTON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2023

Key elements of the governmental activities of the District are reflected in the following table.

Table II
Statement of Activities

	Governmental Activities		
	2023	2022	Change
Revenues			
Program Revenues			
Charges for Services	\$ 2,166,440	\$ 866,877	\$ 1,299,563
Operating Grants and Contributions	7,064,651	5,469,417	1,595,234
General Revenues			
Property Taxes	17,531,007	17,080,879	450,128
Grants and Contributions	20,657,812	22,553,399	(1,895,587)
Investment Earnings	930,416	242,305	688,111
Miscellaneous	175,427	38,346	137,081
Total Revenue	<u>48,525,753</u>	<u>46,251,223</u>	<u>2,274,530</u>
Expenses			
Instruction	24,039,452	21,319,558	2,719,894
Instrucitonal Resources and Media	518,733	477,839	40,894
Curriculum and Staff Development	734,345	666,340	68,005
Instructional Leadership	568,628	568,553	75
School Leadership	1,973,292	1,857,557	115,735
Guidance, Counseling and Evaluation	1,280,381	1,078,092	202,289
Health Services	343,220	298,797	44,423
Student Transportation	1,442,141	1,092,456	349,685
Food Services	1,894,150	2,142,944	(248,794)
Extracurricular Activities	1,297,399	1,400,020	(102,621)
General Administration	1,257,789	1,272,882	(15,093)
Facilities Maintenance and Operations	5,664,191	5,204,479	459,712
Security and Monitoring Services	717,802	421,182	296,620
Data Processing Services	751,850	736,314	15,536
Community Services	96,991	39,158	57,833
Debt Services - Interest	1,836,641	1,956,920	(120,279)
Debt Services - Bond Issuance Cost	600	834	(234)
Payments to Juvenile Justice Alternative Ed	26,481	26,481	-
Other Intergovernmental Charges	517,270	477,970	39,300
Total Expenses Governmental Activities	<u>44,961,356</u>	<u>41,038,376</u>	<u>3,922,980</u>
Increase (Decrease) in Net Position	<u>3,564,397</u>	<u>5,212,847</u>	<u>(1,648,450)</u>
Net Position - Beginning	33,039,762	27,894,423	5,145,339
Prior Period Adjusmtnet	-	(67,508)	-
Net Position - Ending	<u>\$ 36,604,159</u>	<u>\$ 33,039,762</u>	<u>\$ 3,496,889</u>

Table III presents the cost of each of the District's larges 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.

Table III
Net Cost of Selected District Functions

	Total Cost of Services			Net Cost of Services		
	2023	2022	Change	2023	2022	Change
Instruction	\$ 24,039,452	\$ 21,319,559	\$ 2,719,893	\$ 20,475,619	\$ 19,688,995	\$ 786,624
Food Service	1,894,150	2,142,944	(248,794)	(566,456)	(683,036)	116,580
Facilities Maint and Op.	5,664,191	1,400,020	4,264,171	5,633,031	1,244,113	4,388,918

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented on page 13) reported a combined fund balance of \$29.9 million, which is a decrease from last year.

Over the course of the year, the Board of Trustees revised the District's budget a number of times. These budget items fall into three categories. The first category includes amendments and supplemental appropriations that were provided shortly after the school year began. The second category involved moving funds from program areas that did not need or use all of the resources originally appropriated to them. The third category involved changes in state program revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its budget as necessary. With these adjustments, actual expenditures were \$99,017 above final budget amounts. The most significant positive variance resulted from lower instruction expenditures.

On the other hand, resources available were \$455,707 above the final budgeted amount. Local revenue were slightly over budget by \$910,368 while State program revenues were under budget by \$712,482.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets. At August 31, 2023, the District had \$100.6 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, furniture and equipment used for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$16,640,991 (including additions and deductions) over last year.

Table IV
Capital Assets
Governmental Activities

	2023	2022
Land	\$ 591,954	\$ 591,954
Buildings and Improvements	72,803,260	72,590,343
Equipment and Vehicles	10,374,279	9,030,757
Construction in Progress	70,079,512	53,008,591
Right-to-Use Assets	541,254	541,254
Totals at Historical Cost	<u>154,390,259</u>	<u>135,762,899</u>
Less: Accumulated Depreciation		
Buildings and Improvements	(46,366,374)	(45,071,190)
Equipment	(6,999,856)	(6,411,767)
Right-to-use Assets	(420,975)	(317,879)
Total Accumulated Depreciation	<u>(53,787,205)</u>	<u>(51,800,836)</u>
Net Capital Assets	<u>\$ 100,603,054</u>	<u>\$ 83,962,063</u>

Long-Term Debt. At year-end, the District had \$71.2 million in general obligation debt at a coupon interest rate of 1.00% to 5.00% outstanding at year-end. The District's general obligation bonds carried the highest possible rating, according to national rating agencies.

ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2023-2023 budget and tax rate. One of those factors continues to be the economy and the unknown election results and the increasing of the local homestead exemption that will decrease the district's property value. Amounts available for appropriation in the General Fund budget are \$36.00 million which is approximately the same as the final amended budget of 2022. If these estimates are realized, the District's budgetary General Fund balance is expected to stay the same by the close of 2022-2023 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's administration office.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 30,178,741
1220 Property Taxes - Delinquent	1,337,573
1230 Allowance for Uncollectible Taxes	(200,636)
1240 Due from Other Governments	3,680,735
Capital Assets:	
1510 Land	591,954
1520 Buildings, Net	26,436,886
1530 Furniture and Equipment, Net	3,374,423
1550 Right-to-Use Leased Assets, Net	120,279
1580 Construction in Progress	70,079,512
1000 Total Assets	135,599,467
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	4,275,345
1706 Deferred Outflow Related to TRS OPEB	2,194,954
1700 Total Deferred Outflows of Resources	6,470,299
LIABILITIES	
2110 Accounts Payable	351,700
2140 Interest Payable	27,709
2150 Payroll Deductions and Withholdings	282,388
2160 Accrued Wages Payable	2,997,713
2180 Due to Other Governments	57,342
2190 Due to Student Groups	193,029
2300 Unearned Revenue	138,695
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	2,512,983
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	73,222,974
2540 Net Pension Liability (District's Share)	9,758,745
2545 Net OPEB Liability (District's Share)	5,741,087
2000 Total Liabilities	95,284,365
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	758,520
2606 Deferred Inflow Related to TRS OPEB	9,422,722
2600 Total Deferred Inflows of Resources	10,181,242
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	24,867,097
3820 Restricted for Federal and State Programs	1,793,647
3850 Restricted for Debt Service	1,313,046
3860 Restricted for Capital Projects	12,652,978
3900 Unrestricted	(4,022,609)
3000 Total Net Position	\$ 36,604,159

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

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

Data Control Codes	1	Program Revenues		6 Primary Gov. Governmental Activities	
		3 Charges for Services	4 Operating Grants and Contributions		
	Expenses			Net (Expense) Revenue and Changes in Net Position	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 24,039,452	\$ 731,937	\$ 2,831,896	\$ (20,475,619)
12	Instructional Resources and Media Services	518,733	-	377,833	(140,900)
13	Curriculum and Instructional Staff Development	734,345	-	499,802	(234,543)
21	Instructional Leadership	568,628	-	13,008	(555,620)
23	School Leadership	1,973,292	-	46,346	(1,926,946)
31	Guidance, Counseling, and Evaluation Services	1,280,381	-	616,416	(663,965)
33	Health Services	343,220	-	7,764	(335,456)
34	Student (Pupil) Transportation	1,442,141	-	(13,708)	(1,455,849)
35	Food Services	1,894,150	1,245,279	1,215,327	566,456
36	Extracurricular Activities	1,297,399	189,224	15,015	(1,093,160)
41	General Administration	1,257,789	-	19,806	(1,237,983)
51	Facilities Maintenance and Operations	5,664,191	-	31,160	(5,633,031)
52	Security and Monitoring Services	717,802	-	124,595	(593,207)
53	Data Processing Services	751,850	-	9,467	(742,383)
61	Community Services	96,991	-	4,288	(92,703)
72	Debt Service - Interest on Long-Term Debt	1,836,641	-	-	(1,836,641)
73	Debt Service - Bond Issuance Cost and Fees	600	-	-	(600)
81	Capital Outlay	-	-	1,265,636	1,265,636
95	Payments to Juvenile Justice Alternative Ed. Prg.	26,481	-	-	(26,481)
99	Other Intergovernmental Charges	517,270	-	-	(517,270)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 44,961,356	\$ 2,166,440	\$ 7,064,651	(35,730,265)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			13,184,617	
DT	Property Taxes, Levied for Debt Service			4,346,390	
SF	State Aid - Formula Grants			19,877,306	
GC	Grants and Contributions not Restricted			780,506	
IE	Investment Earnings			930,416	
MI	Miscellaneous Local and Intermediate Revenue			175,427	
TR	Total General Revenues			39,294,662	
CN	Change in Net Position			3,564,397	
NB	Net Position - Beginning			33,039,762	
NE	Net Position - Ending			\$ 36,604,159	

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

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

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 15,454,039	\$ 13,006,253	\$ 1,718,449	\$ 30,178,741
1220 Property Taxes - Delinquent	1,097,601	-	239,972	1,337,573
1230 Allowance for Uncollectible Taxes	(164,640)	-	(35,996)	(200,636)
1240 Due from Other Governments	1,910,277	-	1,770,458	3,680,735
1260 Due from Other Funds	328,219	-	-	328,219
1000 Total Assets	<u>\$ 18,625,496</u>	<u>\$ 13,006,253</u>	<u>\$ 3,692,883</u>	<u>\$ 35,324,632</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ 351,700	\$ -	\$ 351,700
2150 Payroll Deductions and Withholdings Payable	282,388	-	-	282,388
2160 Accrued Wages Payable	2,747,761	-	249,952	2,997,713
2170 Due to Other Funds	326,644	1,575	-	328,219
2180 Due to Other Governments	-	-	57,342	57,342
2190 Due to Student Groups	193,029	-	-	193,029
2300 Unearned Revenue	44,350	-	94,345	138,695
2000 Total Liabilities	<u>3,594,172</u>	<u>353,275</u>	<u>401,639</u>	<u>4,349,086</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	886,534	-	184,551	1,071,085
2600 Total Deferred Inflows of Resources	<u>886,534</u>	<u>-</u>	<u>184,551</u>	<u>1,071,085</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	1,793,647	1,793,647
3480 Retirement of Long-Term Debt	-	-	1,313,046	1,313,046
Committed Fund Balance:				
3510 Construction	-	12,652,978	-	12,652,978
3600 Unassigned Fund Balance	14,144,790	-	-	14,144,790
3000 Total Fund Balances	<u>14,144,790</u>	<u>12,652,978</u>	<u>3,106,693</u>	<u>29,904,461</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 18,625,496</u>	<u>\$ 13,006,253</u>	<u>\$ 3,692,883</u>	<u>\$ 35,324,632</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	29,904,461
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 \$135,762,899 and the accumulated depreciation was (\$51,800,836). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		5,765,414
2 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 including the 2023 capital outlays and debt principal payments is to increase net position.		21,060,343
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 \$2,304,375, a Deferred Resource Inflow in the amount of \$4,294,651 and a net pension liability in the amount of \$3,907,015. The impact of this on Net Position is (\$5,897,2915). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of (\$344,629). 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 (\$6,241,920) .		(6,241,920)
4 The District participates in the TRS-Care plan for retirees through TRS. The District's share of the TRS plan resulted in a net OPEB liability of \$5,741,087, a deferred outflow of \$2,194,954 and a deferred inflow of \$9,422,722. This resulted in a difference between the ending fund balance and the ending net position of (\$12,968,855).		(12,968,855)
5 The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,986,369)
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 unavailable revenue from property taxes as revenue, 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 increase net position.		1,071,085
19 Net Position of Governmental Activities	\$	36,604,159

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

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

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 14,767,023	\$ 193,754	\$ 5,684,107	\$ 20,644,884
5800 State Program Revenues	21,506,556	-	480,378	21,986,934
5900 Federal Program Revenues	557,821	-	6,109,341	6,667,162
5020 Total Revenues	<u>36,831,400</u>	<u>193,754</u>	<u>12,273,826</u>	<u>49,298,980</u>
EXPENDITURES:				
Current:				
0011 Instruction	21,529,108	-	2,397,173	23,926,281
0012 Instructional Resources and Media Services	342,059	-	370,512	712,571
0013 Curriculum and Instructional Staff Development	269,883	-	496,972	766,855
0021 Instructional Leadership	569,364	-	-	569,364
0023 School Leadership	1,975,310	-	-	1,975,310
0031 Guidance, Counseling, and Evaluation Services	723,227	-	599,854	1,323,081
0033 Health Services	340,837	-	-	340,837
0034 Student (Pupil) Transportation	1,452,335	-	(36,824)	1,415,511
0035 Food Services	-	-	2,081,166	2,081,166
0036 Extracurricular Activities	1,272,878	-	-	1,272,878
0041 General Administration	1,248,093	-	-	1,248,093
0051 Facilities Maintenance and Operations	4,867,382	-	-	4,867,382
0052 Security and Monitoring Services	510,592	61,752	122,169	694,513
0053 Data Processing Services	735,860	-	-	735,860
0061 Community Services	94,032	-	2,407	96,439
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	2,125,000	2,125,000
0072 Interest on Long-Term Liabilities	-	-	2,037,825	2,037,825
0073 Bond Issuance Cost and Fees	-	-	600	600
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	17,552,595	1,265,636	18,818,231
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	26,481	-	-	26,481
0099 Other Intergovernmental Charges	517,270	-	-	517,270
6030 Total Expenditures	<u>36,474,711</u>	<u>17,614,347</u>	<u>11,462,490</u>	<u>65,551,548</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>356,689</u>	<u>(17,420,593)</u>	<u>811,336</u>	<u>(16,252,568)</u>
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	717,962	-	19,087	737,049
8911 Transfers Out (Use)	(737,049)	-	-	(737,049)
7080 Total Other Financing Sources (Uses)	<u>(19,087)</u>	<u>-</u>	<u>19,087</u>	<u>-</u>
1200 Net Change in Fund Balances	337,602	(17,420,593)	830,423	(16,252,568)
0100 Fund Balance - September 1 (Beginning)	13,807,188	30,073,571	2,276,270	46,157,029
3000 Fund Balance - August 31 (Ending)	<u>\$ 14,144,790</u>	<u>\$ 12,652,978</u>	<u>\$ 3,106,693</u>	<u>\$ 29,904,461</u>

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

LUMBERTON 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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (16,252,568)
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.	21,060,343
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(1,986,369)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, 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.	158,406
Current year changes due to GASB 68 increased revenues in the amount of \$186,740 but also increased expenditures in the amount of \$531,369. The net effect on the change in the ending net position was a decrease in the amount of \$344,629.	(344,629)
Current year changes due to GASB 75 decreased revenues in the amount of \$1,118,373 but also decreased expenditures in the amount of \$2,047,587. The net effect on the change in the ending net position was an increase in the amount of \$929,214.	929,214
Change in Net Position of Governmental Activities	\$ 3,564,397

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 143,822
Total Assets	<u>143,822</u>
LIABILITIES	
Due to Student Groups	<u>2,046</u>
Total Liabilities	<u>2,046</u>
NET POSITION	
Unrestricted Net Position	<u>141,776</u>
Total Net Position	<u><u>\$ 141,776</u></u>

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

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

	Total Custodial Funds
ADDITIONS:	
Contributions to Student Groups	\$ 137,809
Total Additions	<u>137,809</u>
DEDUCTIONS:	
Professional and Contracted Services	10,704
Supplies and Materials	111,336
Other Deductions	8,749
Total Deductions	<u>130,789</u>
Change in Fiduciary Net Position	7,020
Total Net Position September 1 (Beginning)	<u>134,756</u>
Total Net Position August 31 (Ending)	<u><u>\$ 141,776</u></u>

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LUMBERTON 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.

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 resource 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.

LUMBERTON INDEPENDENT SCHOOL DISTRICT applies Governmental 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.

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 LUMBERTON 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. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Interfund activities between governmental funds appear as due to/due froms 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 froms 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. 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 unearned 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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 District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Fiduciary funds include Trust Funds and Custodial Funds. Data from fiduciary funds are not included in the government-wide statements.

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.

Additionally, the District reports the following fund type:

Governmental Funds:

1. **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.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.
4. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

5. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no enterprise funds.
6. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has no internal service funds.

Fiduciary Funds:

7. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no private purpose trust funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

- 8. Custodial Fund** – The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reported the detail of additions to and deductions from custodial funds causing a change in the fund new position whereas these details were not reported for agency funds. This change is a result of the implementation of GASB 84. The District's has the following Custodial Funds

Student Activities – The student activities fund is used to records funds held for student organizations.

E. OTHER ACCOUNTING POLICIES

1. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In accordance with GASB 87, a right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government wide statements and in proprietary fund statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

2. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in governmental fund types as an other source during the current period. Monthly payments are reported as principal and interest payments during the reporting period in the fund level statements.
3. Capital assets, which include land, buildings, furniture, and equipment, right-to-use lease assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

The right-to-use lease asset capitalization level is determined by the Board. The term of the lease must be the non-cancelable period during which the District has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. If the lease is in a governmental fund, the full amount of the lease asset will be reported as an expenditure in the fund level statements the year the agreement is made. Note with existing contracts that were evaluated as leases for this year of implementation, the recording of the lease asset and liability would not be reported in governmental fund statements but would be reported in the government wide statements.

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, and leased assets of the District are depreciated using the straight-line method over the following estimated useful lives or, for the lease asset, for the term of the lease if the estimated useful life is longer than the term of the lease if there is an option to purchase which is expected to be exercised:

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

4. In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's Board. Assignments of fund balance are amounts set aside by the District's Superintendent or his designee with the intent they be used for specific purposes.
5. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
6. 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 a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to TRS.
7. 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. The District reports deferred inflows related to TRS.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

8. 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in RSI and the other two reports are in Exhibit J4 and J5.

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.
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. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

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 limiting all deposits denominated in a foreign currency to less than 5% of all deposits.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

The District classifies investment pools as cash and cash equivalents for reporting purposes. As of August 31, 2023, the following are the District's cash and cash equivalents with respective maturities and credit rating:

<u>Name</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Percentage</u>
Cash and Cash Equivalents	N/A	N/A	\$ 18,311,414	\$ 17,792,848	59.70%
Investment Pools	N/A	AAA	12,011,149	12,009,289	40.30%
Totals			<u>\$ 30,322,563</u>	<u>\$ 29,802,137</u>	<u>100.00%</u>

Investments

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 the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. LUMBERTON INDEPENDENT SCHOOL DISTRICT is in substantial compliance with the requirements of the Act and with local policies.

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

Additional policies and contractual provisions governing investments for LUMBERTON 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 the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2023, the district's investments were rated AAA.

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. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

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 limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental activities, individual major funds, aggregate non-major funds, and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the District does not have a formal investment policy that limits investment maturities as means of managing exposure to fair value losses arising from increasing interest rates.

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 limiting all investments denominated in a foreign currency to less than 5% of all investments.

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

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

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

As of August 31, 2023, LUMBERTON INDEPENDENT SCHOOL DISTRICT did not have any investments subject to the fair value measurement.

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 BALANCES AND TRANSFERS

As of August 31, 2023, the District's interfund balances were as follows:

Receivable Fund	Payable Fund	Amount	Description
General Fund	Capital Projects	1,575	Short-term loan
General Fund	General Fund	326,644	Short-term loan
		<u>\$ 328,219</u>	

Interfund transfers are defined as "flow of assets without equivalent flows of assets in return and without requirement of repayment." The District had the following interfund transfers during the fiscal year ended August 31, 2023.

Transfer From	Transfer To	
	General Fund	Special Revenue
General Fund	717,962	19,087
	<u>\$ 717,962</u>	<u>\$ 19,087</u>

LUMBERTON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

E. CAPITAL ASSET ACTIVITY

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

	09/01/2022	Increases	Decreases	08/31/2023
Capital Assets, Not Depreciated				
Land	\$ 591,954	\$ -	\$ -	\$ 591,954
Construction in Progress	53,008,591	17,070,921	-	70,079,512
Total Capital Assets, Not Depreciated	<u>\$ 53,600,545</u>	<u>\$ 17,070,921</u>	<u>\$ -</u>	<u>\$ 70,671,466</u>
Capital Assets, Depreciated				
Buildings & Improvements	72,590,343	212,917	-	72,803,260
Furniture and Equipment	9,030,757	1,343,522	-	10,374,279
Right-to-Use Lease Assets	541,254	-	-	541,254
Total Capital Assets, Depreciated	<u>82,162,354</u>	<u>1,556,439</u>	<u>-</u>	<u>83,718,793</u>
Less: Accumulated Depreciation				
Buildings & Improvements	(45,071,190)	(1,295,184)	-	(46,366,374)
Equipment	(6,411,767)	(588,089)	-	(6,999,856)
Right-to-Use Lease Assets	(317,879)	(103,096)	-	(420,975)
Total Accumulated Depreciation	<u>(51,800,836)</u>	<u>(1,986,369)</u>	<u>-</u>	<u>(53,787,205)</u>
Governemental Activities Capital Assets, Net	<u>\$ 83,962,063</u>	<u>\$ 16,640,991</u>	<u>\$ -</u>	<u>\$ 100,603,054</u>

Depreciation was allocated as follows:

Function Description	Amount
Instruction	\$ 1,072,185
Instrucitonal Resources and Media	31,932
Curriculum and Staff Development	34,364
Instructional Leadership	25,514
School Leadership	88,517
Guidance, Counseling and Evaluation	59,289
Health Services	15,274
Student Transportation	63,432
Food Services	93,261
Extracurricular Activities	57,040
General Adminsitration	55,929
Facilities Maintenance and Operations	321,213
Security and Monitoring Services	31,122
Data Processing Services	32,975
Community Services	4,322
Total	<u>\$ 1,986,369</u>

F. BONDS AND LONG-TERM NOTES PAYABLE

The District's long-term liabilities consist of general obligation bonds, refunding bonds, maintenance tax notes and accrued compensated absences. The general obligation bonds are issued to provide for the acquisition of capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The current requirements for the general obligation bonds are accounted for in the Debt Service Fund.

LUMBERTON INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2023

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

A summary general long-term debt for the year ended August 31, 2023 is as follows:

<u>Series</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Annual Installments</u>	<u>Percentage Rate</u>	<u>Outstanding Balance</u>
2020 School Building	37,790,000	2046	\$200,000 to \$2,225,000	3 2.00% - 5.00%	\$ 35,615,000
2021 School Building	37,790,000	2046	\$905,000 to \$1,885,000	1.00% - 4.00%	35,565,000
					<u>\$ 71,180,000</u>

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2023, for LUMBERTON INDEPENDENT SCHOOL DISTRICT, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities</u>					
General obligation bonds	\$ 73,305,000	\$ -	\$ (2,125,000)	\$ 71,180,000	\$ 2,205,000
Other District Obligations:					
Discounts and premiums	4,627,227	-	(201,184)	4,426,043	201,184
Net Pension Liability	3,907,015	6,618,770	(767,040)	9,758,745	-
Net OPEB Liability	9,480,142	683,554	(4,422,609)	5,741,087	-
Lease Liability	236,713	-	(106,799)	129,914	106,799
Total District Obligations	<u>\$ 91,556,097</u>	<u>\$ 7,302,324</u>	<u>\$ (7,622,632)</u>	<u>\$ 91,235,789</u>	<u>\$ 2,512,983</u>

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

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Net Pension Liability	Governmental	General Fund
Net OPEB Liability	Governmental	General Fund

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2023.

Debt service requirements for bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	2,205,000	1,959,300	4,164,300
2025	2,275,000	1,886,112	4,161,112
2026	2,360,000	1,798,637	4,158,637
2027	2,470,000	1,690,487	4,160,487
2028	2,585,000	1,577,237	4,162,237
2029-2033	14,525,000	6,281,660	20,806,660
2034-2038	16,395,000	4,409,679	20,804,679
2039-2043	18,440,000	2,368,567	20,808,567
Thereafter	9,925,000	300,300	10,225,300
	<u>\$ 71,180,000</u>	<u>\$ 22,271,979</u>	<u>\$ 93,451,979</u>

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance
Copier	7/24/2019	5 years	\$ 9,505	3.86%	\$ 541,254	\$ 129,914
						<u>\$ 129,914</u>

The District leased vehicles beginning July 24, 2019, for a period of 5 years. This lease is not renewable.

Annual requirements to amortize long-term obligations and related interest are as follows:

August 31	Principal	Interest	Total
2024	\$ 110,995	\$ 3,421	\$ 114,416
2025	18,919	91	19,010
	<u>129,914</u>	<u>3,512</u>	<u>133,426</u>

G. DEFINED BENEFIT PENSION PLAN

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

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

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard 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 that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.T

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefit 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 provision 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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

of employment, or if the member was grandfathered 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, Title 8, 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 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. Contribution rates can be found in the TRS 2022 ACFR, Note 11, on page 85.

The following table shows contribution rates by type of contributor for the fiscal years 2022 and 2023 and the contributions by type of contributions reported by TRS which were received by TRS during the measurement year (TRS FY 2022). These are included in the calculation of the district's proportionate share of the net pension liability.

	Contribution Rates	
	2022	2023
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
District's Measurement Year Employer Contributions		\$ 767,040
District's Measurement Year Member Contributions		\$ 692,630
Measurement Year NECE On-Behalf Contributions		\$ 1,332,925

The actual contributions made by the district during the reporting period (the district's FY 2023) were \$767,040 for the district and \$692,630 made by the plan members employed by the district.

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. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

In addition to the employer contributions listed above, there is a surcharge and employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the members' salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025. This surcharge amount is 1.80% for fiscal year 2023.
- 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.

Net Pension Liability

Components of the net pension liability of the plan as of August 31, 2022 are disclosed below: (From TRS Annual Comprehensive Financial Report 2022, p. 86.)

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

Actuarial Assumptions.

Roll Forward - The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2022 TRS ACFR, Note 11, page 87.*

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate	7.00%
Municipal Bond Rate as of August 2020	3.91% - The source for this 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's Index's "20-Year Municipal Go AA Index"
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 (see page 54 of the TRS ACFR) are summarized below:

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

*Absolute Return Includes Credit Sensitive Investments.

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

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

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

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

	1% Decrease in Discount Rate 6.00%	Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
District's proportionate share of the net pension liability	\$ 15,180,907	\$ 9,758,745	\$ 5,363,828

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, the District reported a liability of \$9,758,745 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	9,758,745
State's proportionate share that is associated with the District		16,958,282
Total	\$	<u>26,717,027</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 plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0164378772% which was an increase of 0.0010960672% from its proportion measured as of August 31, 2022.

Changes In Actuarial Assumptions 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.

Changes in Benefits - There were no changes in benefits.

At August 31, 2023, the 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: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	141,501	212,759
Changes in actual assumptions	1,818,372	453,189
Difference between projected and actual investment earnings	964,133	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	477,822	92,572
Contributions paid to TRS subsequent to the measurement date	873,517	-
Total	\$ 4,275,345	\$ 758,520

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

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 Aug 31	Pension Expense	Balance of Deferred Outflows (Inflows)
2023	\$ 664,294	\$ 1,979,014
2024	386,863	1,592,151
2025	170,268	1,421,883
2026	1,208,525	213,358
2027	213,358	-
Thereafter	-	-

H. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Summary of Significant Accounting Policies. 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.

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other post-employment benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public 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.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

The premium rates for retirees are presented in the following table:

TRS-Care Monthly Premium rates

	<u>Medicare</u>	<u>Non-Medicare</u>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor which were reported for the district by TRS for the measurement year. These were included in the calculation of the district's proportionate share of the net TRS-Care liability.

<u>Contribution Rates</u>		
	<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%
Federa/private Funding Remitted by Employers	1.25%	1.25%
District's Measurement Year Employer Contributions		\$ 196,934
District's Measurement Year Member Contributions		\$ 558,534
Measurement Year NECE On-Behalf Contributions		\$ 240,229

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 hiring a TRS retiree, employers are required to pay to TRS-Care, a monthly surcharge of \$535 per retiree.

TRS-Care received a 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;

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

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

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

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

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 Benefits Changes	None

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.

Discount Rate. A single discount rate of 3.91 percent was used to measure the total OPEB liability. This was an increase of 1.96 percent in the discount rate since the previous year. The Discount Rate can be found in the 2023 TRS ACFR on page 77. 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 these assumptions the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

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 net OPEB liability.

	1% Decrease in Discount Rate 2.91%	Discount Rate 3.91%	1% Increase in Discount Rate 4.91%
District's proportionate share of the net OPEB liability	\$ 6,769,196	\$ 5,741,087	\$ 4,908,186

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease in Healthcare Trend	Current Single Healthcare Trend	1% Increase in Healthcare Trend
District's proportionate share of the net OPEB liability	\$ 4,730,681	\$ 5,741,087	\$ 7,050,947

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, the District reported a liability of \$5,741,087 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

	Total
District's Proportionate share of the collective Net OPEB Liability	\$ 5,741,087
State's proportionate share that is associated with the District	7,003,224
Total	<u>\$ 12,744,311</u>

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

At August 31, 2023 the employer's proportion of the collective net OPEB liability was 0.0239771352% compared to the 0.0245762100% as of August 31, 2022. This is a decrease of -0.0005990748%.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – 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 in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	319,184	4,782,840
Changes in actual assumptions	874,481	3,988,565
Difference between projected and actual investment earnings	17,101	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	769,917	651,317
Contributions paid to TRS subsequent to the measurement date	214,271	
Total	\$ 2,194,954	\$ 9,422,722

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 OPEBs will be recognized in OPEB expense as follows:

Year ended August 31,	OPEB Expense	Balance of Deferred Outflows (Inflows)
2023	\$ (1,368,432)	\$ (6,073,607)
2024	(1,368,372)	(4,705,235)
2025	(1,124,914)	(3,580,321)
2026	(795,309)	(2,785,012)
2027	(874,919)	(1,910,093)
Thereafter	(1,910,093)	-

I. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

Medicare Part D. During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$315 per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third-party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

J. UNAVAILABLE/UNEARNED REVENUE

Unavailable revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Property Taxes	886,534	184,551	1,071,085
Total Unavailable Revenue	\$ 886,534	\$ 184,551	\$ 1,071,085

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

K. DUE FROM STATE AGENCIES

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 and are reported on the combined financial statements as Due from State Agencies.

	State Entitlements	Federal Grants	Total
General Fund	1,910,277	-	1,910,277
Special Revenue	-	1,770,458	1,770,458
	<u>\$ 1,910,277</u>	<u>\$ 1,770,458</u>	<u>\$ 3,680,735</u>

L. LITIGATION

None.

M. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 25, 2024, the date the financial statements were available to be issued.

N. FUND BALANCE

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- Non-Spendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District has \$0 classified as Non-Spendable
- Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has \$3,106,693 classified as Restricted.
- Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. The district has \$12,652,978 classified as Committed.
- Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The District has \$0 classified as Assigned.
- Unassigned includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds. The District has \$14,144,790 classified as Unassigned.

The elected board of trustees, for the entity, has the authority to commit, assign, and restrict fund balances. In some instances a restriction is a result of meeting contractual or otherwise legal requirements, for example debt service requirements contained in the bond covenant.

REQUIRED SUPPLEMENTARY INFORMATION

LUMBERTON 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 Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 13,856,655	\$ 13,856,655	\$ 14,767,023	\$ 910,368
5800	State Program Revenues	22,219,038	22,219,038	21,506,556	(712,482)
5900	Federal Program Revenues	300,000	300,000	557,821	257,821
5020	Total Revenues	36,375,693	36,375,693	36,831,400	455,707
EXPENDITURES:					
Current:					
0011	Instruction	22,071,569	22,043,321	21,529,108	514,213
0012	Instructional Resources and Media Services	360,541	360,841	342,059	18,782
0013	Curriculum and Instructional Staff Development	652,916	344,042	269,883	74,159
0021	Instructional Leadership	632,049	634,049	569,364	64,685
0023	School Leadership	1,993,764	1,993,764	1,975,310	18,454
0031	Guidance, Counseling, and Evaluation Services	793,582	793,582	723,227	70,355
0033	Health Services	326,480	326,480	340,837	(14,357)
0034	Student (Pupil) Transportation	1,255,854	1,335,354	1,452,335	(116,981)
0036	Extracurricular Activities	1,389,358	1,379,031	1,272,878	106,153
0041	General Administration	1,173,667	1,173,667	1,248,093	(74,426)
0051	Facilities Maintenance and Operations	4,243,624	4,283,509	4,867,382	(583,873)
0052	Security and Monitoring Services	553,228	478,993	510,592	(31,599)
0053	Data Processing Services	633,245	633,245	735,860	(102,615)
0061	Community Services	90,816	90,816	94,032	(3,216)
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	30,000	30,000	26,481	3,519
0099	Other Intergovernmental Charges	475,000	475,000	517,270	(42,270)
6030	Total Expenditures	36,675,693	36,375,694	36,474,711	(99,017)
1100	Excess (Deficiency) of Revenues Over Expenditures	(300,000)	(1)	356,689	356,690
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	717,962	717,962
8911	Transfers Out (Use)	-	-	(737,049)	(737,049)
7080	Total Other Financing Sources (Uses)	-	-	(19,087)	(19,087)
1200	Net Change in Fund Balances	(300,000)	(1)	337,602	337,603
0100	Fund Balance - September 1 (Beginning)	13,807,188	13,807,188	13,807,188	-
3000	Fund Balance - August 31 (Ending)	\$ 13,507,188	\$ 13,807,187	\$ 14,144,790	\$ 337,603

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

	<u>FY 2023</u> <u>Plan Year 2022</u>	<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>
District's Proportion of the Net Pension Liability (Asset)	0.01643788%	0.01534181%	0.015081093%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 9,758,745	\$ 3,907,015	\$ 8,077,126
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	16,958,282	8,377,329	17,774,719
Total	<u>\$ 26,717,027</u>	<u>\$ 12,284,344</u>	<u>\$ 25,851,845</u>
District's Covered Payroll	\$ 24,912,062	\$ 21,093,465	\$ 22,969,068
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	39.17%	18.52%	35.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year</u>
0.015283188%	0.015398693%	0.015584532%	0.015925171%	0.0157073%	0.0079287%
\$ 7,944,679	\$ 8,475,814	\$ 4,983,094	\$ 6,017,885	\$ 5,552,321	\$ 2,117,866
15,980,706	17,370,039	10,576,797	12,745,349	1,245,556	-
<u>\$ 23,925,385</u>	<u>\$ 25,845,853</u>	<u>\$ 15,559,891</u>	<u>\$ 18,763,234</u>	<u>\$ 6,797,877</u>	<u>\$ 2,117,866</u>
\$ 22,307,006	\$ 20,154,932	\$ 19,834,445	\$ 17,427,812	\$ 12,145,556	\$ 10,705,014
35.61%	42.05%	25.12%	34.53%	45.71%	-
75.24%	73.74%	82.17%	83.25%	78.43%	83.25%

LUMBERTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 767,040	\$ 415,436	\$ 654,205
Contribution in Relation to the Contractually Required Contribution	(767,040)	(415,436)	(654,205)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 24,912,061	\$ 21,093,465	\$ 22,969,068
Contributions as a Percentage of Covered Payroll	3.08%	1.97%	2.85%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

	2020	2019	2018	2017	2016	2015
\$	534,930	\$ 530,386	\$ 518,743	\$ 554,344	\$ 505,754	\$ 446,598
	(534,930)	(530,386)	(518,743)	(554,344)	(505,754)	(446,598)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	22,307,006	\$ 20,154,932	\$ 19,834,445	\$ 19,427,812	\$ 19,006,120	\$ 17,783,133
	2.39%	2.63%	2.62%	2.85%	2.66%	2.51%

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.02397714%	0.01508109%	0.025071774%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 5,741,087	\$ 9,480,142	\$ 9,530,914
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	7,003,224	12,701,277	12,807,263
Total	<u>\$ 12,744,311</u>	<u>\$ 22,181,419</u>	<u>\$ 22,338,177</u>
District's Covered Payroll	\$ 24,911,938	\$ 21,093,402	\$ 22,969,068
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	23.05%	44.94%	41.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	0.74%	4.99%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

FY 2020 Plan Year	FY 2019 Plan Year	FY 2018 Plan Year
0.023635271%	0.0123159%	0.023504662%
\$ 11,177,409	\$ 11,563,501	\$ 10,221,296
14,852,277	16,864,831	14,890,954
<u>\$ 26,029,686</u>	<u>\$ 28,428,332</u>	<u>\$ 25,112,250</u>
\$ 22,307,005	\$ 20,154,932	\$ 19,834,445
50.11%	57.00%	52.00%
2.66%	1.57%	0.91%

LUMBERTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 196,934	\$ 91,486	\$ 191,996
Contribution in Relation to the Contractually Required Contribution	(196,934)	(91,486)	(191,996)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 24,911,938	\$ 21,093,402	\$ 22,969,068
Contributions as a Percentage of Covered Payroll	0.79%	0.43%	0.84%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

	2020	2019	2018
\$	167,745	\$ 165,846	\$ 148,758
	(167,745)	(165,846)	(148,758)
\$	-	\$ -	\$ -
\$	22,307,005	\$ 20,154,932	\$ 19,834,445
	0.75%	0.82%	0.75%

A. Notes to Budgetary Comparison Schedule

Annual budgets are adopted for the General Fund, Debt Service Fund, and the Child Nutrition Fund. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles and are monitored by the finance department. By state law, expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at the end of the fiscal year.

Explanation of Budget Variances

There were no budget variances that required explanation.

B. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

There were no changes in assumptions since the prior measurement date.

Changes of Assumptions.

There was a change in the actuarial assumptions. The primary change was lowering of the single discount rate from 7.25 percent to 7.00 percent.

C. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes of benefit.

Changes in Assumptions.

The single 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

Lower participation rates and updates to health care trend rate assumptions were also factors that decreased the Total OPEB liability.

COMBINING AND OTHER STATEMENTS

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
ASSETS				
1110 Cash and Cash Equivalents	\$ (77,154)	\$ (504,773)	\$ (1,773)	\$ (4,169)
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	121,984	579,590	1,773	4,169
1000 Total Assets	<u>\$ 44,830</u>	<u>\$ 74,817</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
2160 Accrued Wages Payable	\$ 44,830	\$ 74,817	\$ -	\$ -
2180 Due to Other Governments	-	-	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>44,830</u>	<u>74,817</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 44,830</u>	<u>\$ 74,817</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	280 ESSER III Homelss Children	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	283 ESSER-SUPP
\$ 1,958,560	\$ -	\$ (17,931)	\$ (257)	\$ -	\$ (716,361)	\$ (71,593)	\$ 23,749
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	22,604	257	-	716,361	98,689	-
<u>\$ 1,958,560</u>	<u>\$ -</u>	<u>\$ 4,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,096</u>	<u>\$ 23,749</u>
\$ 98,536	\$ -	\$ 4,673	\$ -	\$ -	\$ -	\$ 27,096	\$ -
-	-	-	-	-	-	-	-
70,596	-	-	-	-	-	-	23,749
<u>169,132</u>	<u>-</u>	<u>4,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,096</u>	<u>23,749</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,789,428	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,789,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,958,560</u>	<u>\$ -</u>	<u>\$ 4,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,096</u>	<u>\$ 23,749</u>

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

Data Control Codes	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials
ASSETS				
1110 Cash and Cash Equivalents	\$ (45,510)	\$ (8,053)	\$ (11,145)	\$ (71,364)
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	45,510	8,053	11,145	75,552
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,188</u>
LIABILITIES				
2160 Accrued Wages Payable	\$ -	\$ -	\$ -	\$ -
2180 Due to Other Governments	-	-	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	4,188
3480 Retirement of Long-Term Debt	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,188</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,188</u>

429 Other State Special Revenue Funds	437 SSA Special Education	Total Nonmajor Special Revenue Funds	511 Debt Service	Total Nonmajor Governmental Funds
\$ (84,740)	\$ -	\$ 367,486	\$ 1,350,963	\$ 1,718,449
-	-	-	239,972	239,972
-	-	-	(35,996)	(35,996)
84,771	-	1,770,458	-	1,770,458
<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 2,137,944</u>	<u>\$ 1,554,939</u>	<u>\$ 3,692,883</u>
\$ -	\$ -	\$ 249,952	\$ -	\$ 249,952
-	-	-	57,342	57,342
-	-	94,345	-	94,345
-	-	344,297	57,342	401,639
-	-	-	184,551	184,551
-	-	-	184,551	184,551
31	-	1,793,647	-	1,793,647
-	-	-	1,313,046	1,313,046
<u>31</u>	<u>-</u>	<u>1,793,647</u>	<u>1,313,046</u>	<u>3,106,693</u>
<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 2,137,944</u>	<u>\$ 1,554,939</u>	<u>\$ 3,692,883</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	591,258	882,005	8,491	237,927
5020 Total Revenues	591,258	882,005	8,491	237,927
EXPENDITURES:				
Current:				
0011 Instruction	588,851	297,513	8,491	237,927
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	29,204	-	-
0031 Guidance, Counseling, and Evaluation Services	-	555,288	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	2,407	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	591,258	882,005	8,491	237,927
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	280 ESSER III Homelss Children	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	283 ESSER-SUPP
\$ 1,282,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,669	-	-	-	-	-	-	-
1,204,658	36,558	98,112	257	583	1,265,636	1,590,882	23,655
2,497,880	36,558	98,112	257	583	1,265,636	1,590,882	23,655
-	36,558	98,112	257	583	-	708,036	60,479
-	-	-	-	-	-	370,512	-
-	-	-	-	-	-	467,768	-
-	-	-	-	-	-	44,566	-
-	-	-	-	-	-	-	(36,824)
2,081,166	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,265,636	-	-
2,081,166	36,558	98,112	257	583	1,265,636	1,590,882	23,655
416,714	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
416,714	-	-	-	-	-	-	-
1,372,714	-	-	-	-	-	-	-
\$ 1,789,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	223,110
5900 Federal Program Revenues	129,501	10,103	29,715	-
5020 Total Revenues	129,501	10,103	29,715	223,110
EXPENDITURES:				
Current:				
0011 Instruction	129,501	10,103	-	218,922
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0052 Security and Monitoring Services	-	-	29,715	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	129,501	10,103	29,715	218,922
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	4,188
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	4,188
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 4,188

429 Other State Special Revenue Funds	437 SSA Special Education	Total Nonmajor Special Revenue Funds	511 Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,282,553	\$ 4,401,554	\$ 5,684,107
94,325	-	328,104	152,274	480,378
-	-	6,109,341	-	6,109,341
94,325	-	7,719,998	4,553,828	12,273,826
1,840	-	2,397,173	-	2,397,173
-	-	370,512	-	370,512
-	-	496,972	-	496,972
-	-	599,854	-	599,854
-	-	(36,824)	-	(36,824)
-	-	2,081,166	-	2,081,166
92,454	-	122,169	-	122,169
-	-	2,407	-	2,407
-	-	-	2,125,000	2,125,000
-	-	-	2,037,825	2,037,825
-	-	-	600	600
-	-	1,265,636	-	1,265,636
94,294	-	7,299,065	4,163,425	11,462,490
31	-	420,933	390,403	811,336
-	19,087	19,087	-	19,087
31	19,087	440,020	390,403	830,423
-	(19,087)	1,353,627	922,643	2,276,270
\$ 31	\$ -	\$ 1,793,647	\$ 1,313,046	\$ 3,106,693

T.E.A. REQUIRED SCHEDULES

LUMBERTON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ 4,378,775,164
2015	1.040000	0.12000	1,036,056,034
2016	1.040000	0.12000	1,019,888,434
2017	1.040000	0.12000	1,072,493,401
2018	1.040000	1.12000	1,123,713,035
2019	0.970000	0.04500	1,152,449,884
2020	0.970000	0.04500	1,111,173,155
2021	0.952900	0.16000	1,321,387,281
2022	0.872000	0.28000	1,494,504,417
2023 (School year under audit)	0.669200	0.28000	1,877,311,677
1000 TOTALS			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 244,981	\$ -	\$ 12,471	\$ 1,235	\$ (17,504)	\$ 213,771
47,363	-	4,837	558	-	41,968
50,037	-	4,778	551	-	44,708
62,996	-	6,748	779	4	55,473
78,287	-	7,915	913	-	69,459
94,936	-	13,730	637	-	80,569
112,254	-	23,310	1,081	(10)	87,853
154,357	-	28,849	4,844	(7,007)	113,657
382,698	-	97,670	31,362	(43,414)	210,252
-	17,819,442	12,157,011	5,086,615	(155,953)	419,863
<u>\$ 1,227,909</u>	<u>\$ 17,819,442</u>	<u>\$ 12,357,319</u>	<u>\$ 5,128,575</u>	<u>\$ (223,884)</u>	<u>\$ 1,337,573</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 1,141,992	\$ 1,170,587	\$ 1,282,553	\$ 111,966
5800	State Program Revenues	35,595	7,000	10,669	3,669
5900	Federal Program Revenues	823,913	823,913	1,204,658	380,745
5020	Total Revenues	2,001,500	2,001,500	2,497,880	496,380
EXPENDITURES:					
Current:					
0035	Food Services	2,001,500	2,001,500	2,081,166	(79,666)
6030	Total Expenditures	2,001,500	2,001,500	2,081,166	(79,666)
1200	Net Change in Fund Balances	-	-	416,714	416,714
0100	Fund Balance - September 1 (Beginning)	1,372,714	1,372,714	1,372,714	-
3000	Fund Balance - August 31 (Ending)	\$ 1,372,714	\$ 1,372,714	\$ 1,789,428	\$ 416,714

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,161,825	\$ 4,148,171	\$ 4,401,554	\$ 253,383
5800 State Program Revenues	6,000	19,654	152,274	132,620
5020 Total Revenues	4,167,825	4,167,825	4,553,828	386,003
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	4,167,825	2,125,000	2,125,000	-
0072 Interest on Long-Term Liabilities	-	2,037,826	2,037,825	1
0073 Bond Issuance Cost and Fees	-	4,999	600	4,399
6030 Total Expenditures	4,167,825	4,167,825	4,163,425	4,400
1200 Net Change in Fund Balances	-	-	390,403	390,403
0100 Fund Balance - September 1 (Beginning)	922,643	922,643	922,643	-
3000 Fund Balance - August 31 (Ending)	\$ 922,643	\$ 922,643	\$ 1,313,046	\$ 390,403

LUMBERTON INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	2268964
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1137877

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.	61083
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	98344

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



MITCHELL T FONTENOTE CPA, INC.

Certified Public Accountants

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

To the Board of Directors
Lumberton Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lumberton Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Lumberton Independent School District's basic financial statements, and have issued our report thereon dated January 25, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Mitchell T. Fontenote CPA, Inc.

Port Neches, Texas
January 25, 2024



MITCHELL T FONTENOTE CPA, INC.

Certified Public Accountants

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

To the Board of Directors
Lumberton Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lumberton 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 Lumberton Independent School District's major federal programs for the year ended August 31, 2023. Lumberton 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, Lumberton Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Lumberton 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 Lumberton 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 Lumberton 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 Lumberton 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 Lumberton 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 Lumberton 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 Lumberton 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 Lumberton Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mitchell T. Fontenote CPA, Inc.

Port Neches, Texas
January 25, 2024

LUMBERTON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 AUGUST 31, 2023

A. Summary of Auditor's Results

1 Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X None Reported

Noncompliance material to financial statements noted:

_____ Yes X No

2 Federal and State Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

_____ Yes X None Reported

Identification of major federal and state programs:

CFDA #	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

 \$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

B. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards.

There are no findings to be reported.

C. Findings and Questioned Costs for Federal and State Awards.

There are no findings and questioned costs to be reported.

LUMBERTON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AUGUST 31, 2023

None.

None.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101100907	\$ 591,258
*IDEA - Part B, Formula	84.027A	236600011009076000	882,005
*IDEA - Part B, Discretionary	84.027A	66002312	203,372
*IDEA-B High Cost	84.027A	66002306	34,555
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350021009075000	129,501
Total Assistance Listing Number 84.027			1,249,433
Total Special Education Cluster (IDEA)			1,268,027
Career and Technical - Basic Grant	84.048A	23420006100907	36,558
*IDEA - Part B, Preschool	84.176A	236610011009076000	8,491
*COVID 19 - IDEA, Part B, Preschool- (ARP)	84.173X	225360021009075000	10,103
Total Special Education Cluster (IDEA)			1,268,027
Title III, Part A - English Language Acquisition	84.365A	100-907	257
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501100907	98,112
Title IV, Part A Subpart 1	84.424A	23680101100907	29,715
COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001100907	1,265,636
COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001100907	1,590,882
COVID 19 - Supplemental ESSER Fund	84.425U	21528043100907	23,655
COVID 19 - ARP Education for Homeless Children	84.425W	21533002100907	583
Total Assistance Listing Number 84.425			2,880,756
Total Passed Through Texas Education Agency			4,904,683
TOTAL U.S. DEPARTMENT OF EDUCATION			4,904,683
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	100-907	550,120
Total Passed Through Texas Health and Human Services Commission			550,120
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			550,120
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	179,416
*National School Lunch Program - Cash Assistance	10.555	71302301	886,925
*National School Lunch Prog. - Non-Cash Assistance	10.555	100-907	138,318
*P-EBT Grant	10.555	100-907	3,135
*Commodity Delivery Reimbursement	10.555	100-907	4,565
Total Assistance Listing Number 10.555			1,032,943
Total Child Nutrition Cluster			1,212,359
Total Passed Through the Texas Department of Agriculture			1,212,359
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,212,359
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,667,162
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

LUMBERTON INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AUGUST 31, 2023

Basis of Presentation

Summary of Significant Accounting Policies

For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.

- **General Fund** - is used to account for, among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.
- **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.

The accounting and financial reporting treatment applied to a fund is 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 a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

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.

The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343(b).

Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.

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

A reconciliation from the Schedule of Expenditures of Federal Awards to the Statement of Revenues, Expenditures, and Changes in Fund Balance is as follows:

Total Expenditures of Federal Awards	\$ 6,667,162
School Health and Related Services	-
Federal Program Revenues (Exhibit C-2)	<u>\$ 6,667,162</u>

SCHOOLS FIRST QUESTIONNAIRE

Lumberton 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 agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	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.	0