CROSBY INDEPENDENT SCHOOL DISTRICT

Annual Financial Report

For the Fiscal Year Ended
June 30, 2023

14670 FM 2100, Crosby, TX 77532

CROSBY INDEPENDENT SCHOOL DISTRICT
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CROSBY INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Crosby Independent School District	Harris	101-906
Name of School District	County	Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended June 30, 2023, at a meeting of the Board of Trustees of such school district on November 13, 2023.

President of the Board

Secretary of the Board


Crosby Independent
School District

FINANCIAL SECTION


Crosby Independent
School District

whitleypenn

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Crosby Independent School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, required Texas Education Agency (TEA) schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and Schedule L-1 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 November 13, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
November 13, 2023


Crosby Independent
School District

As the management of Crosby Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial condition.

Financial Highlights

- The District's total combined net position at June 30, 2023 was $37,524,810. Of this amount, a deficit of $4,546,658 (unrestricted net position) exists, which includes recognition of the District's pension and other post-employment benefits (OPEB) liabilities and related deferred inflows/outflows, which is a negative impact to unrestricted net position of $6,131,368. Overall, the District's net position increased by $12,660,683 when compared to the previous year, after accounting for a prior period adjustment to net position which decreased net position by $2,538,913.
- For the fiscal year ended June 30, 2023, the District's general fund reported a total fund balance of $38,554,819, of which $91,768 is nonspendable for inventories and prepaid items, $5,972,728 is restricted for debt service, $12,150,000 is assigned for capital projects, and $20,340,323 is unassigned.
- At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of $138,686,680, an increase from the previous year of $94,688,802.

Overview of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The governmental activities of the District include instruction, instructional resources and media services, curriculum and instructional staff development, instructional leadership, school leadership, guidance, counseling, and evaluation services, health services, student transportation, food service, extracurricular activities, general administration, plant maintenance and operations, security and monitoring services, data processing services, community services, interest on long-term debt, bond issuance costs and fees, payments to shared services arrangements, and other governmental 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 objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements. 6 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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation titled nonmajor governmental funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and supplementary information, which includes schedules required by the Texas Education Agency. Such information can be found as noted in the table of contents of this report.

Financial Analysis of The District as A Whole

The District's combined net position was $37,524,810 at June 30, 2023. Table 1 focuses on net position while Table 2 shows the revenues and expenses that changed the net position balance during the fiscal year ended June 30, 2023.

Table 1
Net Position

	Governmental Activities			
Assets and Deferred Outflows of Resources	**2023**	**2022 as Restated**	**Change**	**Percentage Change**
Assets				
Current and other assets	$ 150,067,228	$ 53,925,486	$ 96,141,742	178%
Capital assets	154,270,391	157,875,824	(3,605,433)	-2%
Deferred outflows of resources	22,832,711	18,130,489	4,702,222	26%
Total Assets and Deferred Outflows of Resources	327,170,330	229,931,799	97,238,531	42%
Liabilities and Deferred Inflows of Resources				
Liabilities				
Current liabilities	8,788,025	7,924,101	863,924	11%
Long term liabilities	258,396,338	173,736,581	84,659,757	49%
Deferred inflows of resources	22,461,157	25,945,903	(3,484,746)	-13%
Total Liabilities and Deferred Inflows of Resources	289,645,520	207,606,585	82,038,935	40%
Net Position:				
Net investment in capital assets	26,998,558	21,096,129	5,902,429	28%
Restricted	15,072,910	13,926,649	1,146,261	8%
Unrestricted	(4,546,658)	(12,697,564)	8,150,906	-64%
Total Net Position	$ 37,524,810	$ 22,325,214	$ 15,199,596	68%

The District reported an increase of $15,199,596 in net position from the prior year due to increases in property tax revenues and interest earnings.

The District's current and other assets increased by $96,141,742, or 178%, due primarily to the bond proceeds of Unlimited Tax School Building Bonds, Series 2023, in the amount of $83,100,000.

The District's capital assets decreased by $3,605,433, or 2%, due to depreciation expense of $5,490,483.

The District's current liabilities increased by $863,924, or 11%, due to an increase in accounts payable and interest payable due to timing of expenses at the end of the fiscal year.

The District's long-term liabilities increased by $84,659,757, or 49%, due primarily to the issuance of Unlimited Tax School Building Bonds, Series 2023, in the amount of $83,100,000.

Table 2
Changes in Net Position

	Governmental Activities			
	2023	2022 as Restated	Change	Percentage Change
Program Revenues				
Charges for services	$ 1,630,278	$ 1,160,080	$ 470,198	41%
Operating grants	12,926,545	13,875,720	(949,175)	-7%
General Revenues				
Property taxes	38,741,887	34,776,116	3,965,771	11%
State Aid	35,528,045	36,329,988	(801,943)	-2%
Interest earnings	2,300,201	98,434	2,201,767	2237%
Miscellaneous	705,671	348,671	357,000	102%
Total Revenues	91,832,627	86,589,009	5,243,618	6%
Expenses				
Instruction and instruction-related services	43,229,694	41,846,470	1,383,224	3%
Instructional and school leadership	4,112,367	3,899,447	212,920	5%
Student support services	12,318,906	11,600,117	718,789	6%
Administrative support services	3,050,143	2,309,944	740,199	32%
Support services	7,935,535	6,948,511	987,024	14%
Ancillary services	141,699	153,660	(11,961)	-8%
Debt service	5,515,356	3,917,387	1,597,969	41%
Intergovernmental charges	329,331	284,060	45,271	16%
Total Expenses	76,633,031	70,959,596	5,673,435	8%
Increase (Decrease) in Net Position	15,199,596	15,629,413	(429,817)	-3%
Beginning Net Position, as Restated	22,325,214	6,695,801	15,629,413	233%
Ending Net Position	$ 37,524,810	$ 22,325,214	$ 15,199,596	68%

The District's total revenues increased by $5,243,618, or 6%, due to an increase in property tax revenue as a result of appraised values experiencing a significant increase when compared to the previous fiscal year.

The District's total expenses increased by $5,673,435, or 8%, due to increased costs incurred for salaries and benefits.

Financial Analysis of The District's Funds

At the close of the fiscal year ending June 30, 2023, the District's governmental funds reported a combined fund balance of $138,686,680. This compares to a combined fund balance of $43,997,878 at June 30, 2022.

The fund balance of the general fund at the end of the fiscal year was $38,554,819, which represented an increase of $7,661,381 from the prior year. This increase was primarily due to an increase in property tax revenue received by the District and an increase in investment income.

The fund balance of the debt service fund at the end of the fiscal year was $6,781,611, which represented a decrease of $591,458 from the prior year. This decrease was primarily due to scheduled principal and interest payments on debt exceeding property tax revenues.

The fund balance of the capital projects fund at the end of the fiscal year was $89,860,152, which represented an increase of $86,773,491 from the prior year due to the issuance of Unlimited Tax School Building Bonds, Series 2023, in the amount of $83,100,000.

General Fund Budgetary Highlights

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended June 30, 2023, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenses. The general fund's actual revenues exceeded budgetary amounts by $2,789,998. Actual expenditures were less than budgeted amounts by $6,362,903.

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2023, includes land, buildings and improvements, furniture and equipment, construction in progress, the intangible right-to-use lease assets, and the intangible right-to-use subscription assets. Capital assets, net of depreciation/amortization, decreased by $3,605,433 from the prior year due to the District incurring depreciation expense in the amount of $5,490,483 during the fiscal year. The following table summarizes the investment in capital assets as of June 30, 2023 and 2022:

	2023	2022 as Restated
Land	$ 3,660,902	$ 3,660,902
Construction in progress	454,532	-
Buildings and improvements	218,831,671	218,412,209
Furniture and equipment	15,952,063	15,477,487
Right-to-use lease asset	448,227	-
Right-to-use subscription asset	88,253	-
	239,435,648	237,550,598
Accumulated depreciation/amortization	(85,165,257)	(79,674,774)
Net capital assets	$ 154,270,391	$ 157,875,824

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Debt

At year end, the District had $188,975,000 in general obligation bonds outstanding versus $116,545,000 last year. The increase was due to the issuance of Series 2023 Unlimited Tax School Building Bonds in the amount of $83,100,000, less principal payments on bonds in the amount of $10,670,000. The following table summarized the long-term debt balances as of June 30, 2023 and 2022:

	2023	2022
Bonds payable	$ 207,060,082	$ 130,303,178
Maintenance tax notes	16,068,437	16,697,110
Compensated absences	419,056	336,002
Leases	448,227	-
SBITAs	58,161	-
Net pension liability	22,878,568	9,172,737
Net OPEB liability	11,463,807	17,227,554
	$ 258,396,338	$ 173,736,581

Additional information on the District's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

The District's budgeted expenditures in the General Fund for the 2023-2024 school year total $66,086,715 and the District's Board of Trustees adopted an M & O tax rate of $0.75750 and an I & S rate of $0.48000 for a combined rate of $1.23750.

Contacting the District's Financial Management

This financial report is intended to provide a general overview of the District's finances for all those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Crosby Independent School District, P.O. Box 2009, Crosby, Texas, 77532-2009.

BASIC FINANCIAL STATEMENTS


Crosby Independent
School District

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit A-1*

STATEMENT OF NET POSITION

June 30, 2023

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	$ 129,570,179
1220	Property taxes	3,544,796
1230	Allowance for doubtful accounts	(141,792)
1240	Due from other governments	10,822,541
1250	Accrued interest	22,731
1267	Due from fiduciary funds	2,502
1290	Other receivables	66,687
1300	Inventories, at cost	124,054
1410	Deferred expenditures	82,802
	Capital assets not subject to depreciation:	
1510	Land	3,660,902
1580	Construction in progress	454,532
	Capital assets net of depreciation:	
1520	Buildings and improvements	144,853,655
1530	Furniture and equipment	4,772,842
1550	Right-to-use assets	528,460
1800	Restricted cash and cash equivalents	5,972,728
1000	**Total Assets**	304,337,619
	Deferred Outflows of Resources	
	Deferred charge on refunding	6,753,484
	Pension related	10,019,530
	OPEB related	6,059,697
1700	**Total Deferred Outflows of Resources**	22,832,711
	Liabilities	
2110	Accounts payable	1,666,440
2140	Interest payable	1,947,130
2150	Payroll deductions and withholdings payables	262,113
2160	Accrued wages payable	4,525,031
2180	Due to other governments	127,323
2200	Accrued expenditures	206,765
2300	Unearned revenue	53,223
	Noncurrent Liabilities:	
	Due within one year - bonds, maintenance tax	
2501	notes, leases, SBITAs	4,751,666
	Due in more than one year:	
2502	Bonds, maintenance tax notes, leases, SBITAs	219,302,297
2540	Net pension liability	22,878,568
2545	Net OPEB liability	11,463,807
2000	**Total Liabilities**	267,184,363
	Deferred Inflows of Resources	
	Deferred gain on refunding	250,562
	Pension related	2,394,907
	OPEB related	19,815,688
2600	**Deferred Inflows of Resources**	22,461,157
	Net Position	
3200	Net investment in capital assets	26,998,558
	Restricted for:	
3850	Debt service	12,273,159
3890	Grant funds	2,799,751
3900	Unrestricted	(4,546,658)
3000	**Total Net Position**	$ 37,524,810


Crosby Independent
School District

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit B-1*

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Data Control Codes	Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
	Governmental Activities:				
11	Instruction	$ 41,545,935	$ 31,230	$ 4,910,878	$ (36,603,827)
12	Instructional resources and media services	381,586	22,192	192,963	(166,431)
13	Curriculum development and instructional staff development	1,302,173	804	98,171	(1,203,198)
21	Instructional leadership	700,516	-	112,380	(588,136)
23	School leadership	3,411,851	12,119	77,571	(3,322,161)
31	Guidance, counseling, and evaluation services	2,799,509	222	1,321,177	(1,478,110)
33	Health services	479,090	-	1,046,438	567,348
34	Student transportation	2,929,922	-	54,403	(2,875,519)
35	Food services	3,532,434	1,035,641	3,349,448	852,655
36	Extracurricular activities	2,577,951	306,861	17,110	(2,253,980)
41	General administration	3,050,143	8	675,316	(2,374,819)
51	Facilities maintenance and operations	6,406,561	220,948	157,325	(6,028,288)
52	Security and monitoring services	1,274,090	167	171,645	(1,102,278)
53	Data processing services	254,884	1	1,268	(253,615)
61	Community services	141,699	85	18,442	(123,172)
72	Interest on long-term debt	5,515,356	-	722,010	(4,793,346)
93	Payments to member districts of shared service arrangements	59,400	-	-	(59,400)
99	Other intergovernmental charges	269,931	-	-	(269,931)
TG	**Total Governmental Activities**	$ 76,633,031	$ 1,630,278	$ 12,926,545	(62,076,208)
	General Revenues:				
	Taxes:				
MT	Property taxes, levied for general purposes				25,629,755
DT	Property taxes, levied for debt service				13,112,132
SF	State-aid formula grants				35,528,045
IE	Investment earnings				2,300,201
MI	Miscellaneous				705,671
TR	**Total General Revenues**				77,275,804
CN	Change in net position				15,199,596
NB	**Net Position - Beginning**				24,864,127
PA	Prior period adjustment				(2,538,913)
NE	**Net Position - Ending**				$ 37,524,810

CROSBY INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Assets					
1110	Cash and cash equivalents	$ 27,960,787	$ 7,177,057	$ 90,259,869	$ 3,178,792	$ 128,576,505
	Receivables:					
1220	Property taxes - delinquent	2,401,191	1,143,605	-	-	3,544,796
1230	Allowance for uncollectible taxes (credit)	(96,048)	(45,744)	-	-	(141,792)
1240	Due from other governments	9,500,664	99,663	-	1,222,214	10,822,541
1250	Accrued interest	22,731	-	-	-	22,731
1260	Due from other funds	786,068	-	-	514,482	1,300,550
1267	Due from others	1,322	-	-	1,180	2,502
1290	Other receivables	65,347	-	-	1,340	66,687
1300	Inventories, at cost	18,432	-	-	105,622	124,054
1410	Prepaid items	73,336	-	-	9,466	82,802
1800	Restricted assets	5,972,728	-	-	-	5,972,728
1000	**Total Assets**	$ 46,706,558	$ 8,374,581	$ 90,259,869	$ 5,033,096	$ 150,374,104
	Liabilities					
2110	Accounts payable	$ 1,043,877	$ -	$ 399,717	$ 204,497	$ 1,648,091
2140	Interest payable	-	368,089	-	-	368,089
2150	Payroll deductions and withholdings	232,825	-	-	29,288	262,113
2160	Accrued wages payable	4,055,408	-	-	469,623	4,525,031
2170	Due to other funds	514,482	-	-	786,068	1,300,550
2180	Due to other governments	4	127,020	-	299	127,323
2300	Unearned revenue	-	-	-	53,223	53,223
2000	**Total Liabilities**	5,846,596	495,109	399,717	1,542,998	8,284,420
	Deferred Inflows of Resources					
	Unavailable revenue - property taxes	2,305,143	1,097,861	-	-	3,403,004
2600	**Deferred Inflows of Resources**	2,305,143	1,097,861	-	-	3,403,004
	Fund Balance					
	Non-Spendable:					
3410	Inventories	18,432	-	-	-	18,432
3430	Prepaid items	73,336	-	-	-	73,336
	Restricted:					
3450	Grant funds	-	-	-	2,799,751	2,799,751
3470	Capital projects	-	-	89,860,152	-	89,860,152
3480	Debt service	5,972,728	6,781,611	-	-	12,754,339
	Committed:					
3545	Other purposes	-	-	-	690,347	690,347
	Assigned:					
3590	Capital projects	12,150,000	-	-	-	12,150,000
3600	Unassigned	20,340,323	-	-	-	20,340,323
3000	**Total Fund Balances**	38,554,819	6,781,611	89,860,152	3,490,098	138,686,680
4000	**Total Liabilities, Deferred Inflows, and Fund Balances**	$ 46,706,558	$ 8,374,581	$ 90,259,869	$ 5,033,096	$ 150,374,104

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit C-2*

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION

June 30, 2023

Data Control Codes		
	Total Fund Balance, Governmental Funds	$ 138,686,680
	Amounts reported for governmental activities in the statement of net position are different because:	
	Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
1	Capital assets	239,435,648
2	Accumulated depreciation/amortization	(85,165,257)
	Capital assets, net of accumulated depreciation	154,270,391
3	Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	(6,131,368)
4	Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	3,403,004
5	The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	768,560
	Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
6	Bonds payable	(188,975,000)
7	Maintenance tax notes	(15,750,000)
8	Compensated absences	(419,056)
9	Leases payable	(448,227)
10	SBITAs payable	(58,161)
11	Accrued interest on long-term debt	(1,579,041)
12	Accreted interest on capital appreciation bonds	(9,795,638)
13	Net pension liability	(22,878,568)
14	Net OPEB liability	(11,463,807)
	Total long-term liabilities	(251,367,498)
	Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
15	Deferred loss on refunding	6,753,484
16	Deferred gain on refunding	(250,562)
17	Premium on bonds/notes	(8,607,881)
	Total premiums and deferred items	(8,858,443)
19	**Total Net Position-Governmental Activities**	$ 37,524,810

CROSBY INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Revenues					
5700	Local, intermediate, and out-of-state	$ 27,416,471	$ 13,174,094	$ 675,231	$ 1,732,949	$ 42,998,745
5800	State program revenues	38,558,542	323,307	-	530,255	39,412,104
5900	Federal program revenues	2,145,545	-	-	9,254,027	11,399,572
5020	**Total Revenues**	68,120,558	13,497,401	675,231	11,517,231	93,810,421
	Expenditures					
	Current:					
0011	Instruction	35,414,335	-	-	4,392,152	39,806,487
0012	Instruction resources and media services	167,055	-	-	241,008	408,063
0013	Curriculum and instructional staff development	1,277,109	-	-	93,365	1,370,474
0021	Instructional leadership	633,688	-	-	105,197	738,885
0023	School leadership	3,479,743	-	-	77,550	3,557,293
0031	Guidance, counseling and evaluation services	1,733,285	-	-	1,279,646	3,012,931
0033	Health services	688,759	-	-	50,605	739,364
0034	Student transportation	2,605,742	-	-	39,228	2,644,970
0035	Food services	28,175	-	-	3,677,798	3,705,973
0036	Extracurricular activities	1,872,400	-	-	288,687	2,161,087
0041	General administration	3,024,682	-	-	70,270	3,094,952
0051	Facilities maintenance and operations	6,356,438	-	-	100,848	6,457,286
0052	Security and monitoring services	1,395,319	-	-	171,411	1,566,730
0053	Data processing services	243,699	-	-	855	244,554
0061	Community services	18,460	-	-	83,223	101,683
	Debt service:					
0071	Principal on long-term debt	625,092	10,670,000	-	-	11,295,092
0072	Interest on long-term debt	698,964	3,407,557	-	-	4,106,521
0073	Bond issuance costs and fees	1,650	11,302	812,996	-	825,948
	Capital outlay:					
0081	Facilities acquisition and construction	401,731	-	401,740	-	803,471
	Intergovernmental:					
0093	Payments related to shared services arrangements	59,400	-	-	-	59,400
0099	Other intergovernmental charges	269,931	-	-	-	269,931
6030	**Total Expenditures**	60,995,657	14,088,859	1,214,736	10,671,843	86,971,095
1100	Excess (deficiency) of revenues over expenditures	7,124,901	(591,458)	(539,505)	845,388	6,839,326
	Other Financing Sources (Uses)					
7911	Capital-related debt issued	-	-	83,100,000	-	83,100,000
7913	Proceeds from right to use assets	448,227	-	-	-	448,227
7916	Premium or discount on issuance of bonds	-	-	4,212,996	-	4,212,996
7949	Other resources	88,253	-	-	-	88,253
7080	**Total Other Financing Sources (Uses)**	536,480	-	87,312,996	-	87,849,476
1200	Net change in fund balances	7,661,381	(591,458)	86,773,491	845,388	94,688,802
0100	**Fund Balance - July 1 (Beginning)**	30,893,438	7,373,069	3,086,661	2,644,710	43,997,878
3000	**Fund Balance - June 30 (Ending)**	$ 38,554,819	$ 6,781,611	$ 89,860,152	$ 3,490,098	$ 138,686,680

CROSBY INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

Data Control Codes		
	Amounts reported for governmental activities in the statement of activities are different because:	
	Net change in fund balances - total governmental funds	$ 94,688,802
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
1	Capital outlay	1,885,050
2	Depreciation/amortization	(5,490,483)
	Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
3	Earned but unavailable taxes	422,788
	Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
	Proceeds from issuance:	
4	Bonds	(83,100,000)
5	Premium on bonds	(4,212,996)
6	Leases	(448,227)
7	SBITAs	(88,253)
	Principal payments:	
8	Bonds	10,670,000
9	Maintenance tax note	595,000
10	SBITAs	30,092
	Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
11	Accrued interest on long-term debt	(90,232)
12	Amortization of premiums and discounts	111,490
13	Amortization of deferred amounts of refunding	(412,420)
14	Accreted interest on long-term debt	(191,725)
15	Compensated absences	(83,054)
16	Changes in net pension liabilities and related deferred outflows and inflows of resources	(1,117,434)
17	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	1,774,738
18	Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	256,460
	Change in Net Position of Governmental Activities	$ 15,199,596

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit D-1*

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Internal Service Fund
Assets:	
Current assets:	
Cash and cash equivalents	$ 993,674
Total Assets	$ 993,674
Liabilities:	
Current liabilities:	
Accounts payable	$ 18,349
Accrued expenses	206,765
Total Liabilities	$ 225,114
Net Position:	
Unrestricted	$ 768,560
Total Net Position	$ 768,560

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit D-2*

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Internal Service Fund
Operating Revenues	
Charges for Services	$ 467,798
Total Operating Revenues	467,798
Operating Expenses	
Payroll costs	241,803
Total Operating Expenses	241,803
Operating Income (Loss)	225,995
Non-Operating Revenues (Expenses)	
Earnings on investments	30,465
Total Non-Operating Revenues (Expenses)	30,465
Change in Net Position	256,460
Net Position - July 1 (Beginning)	512,100
Net Position - June 30 (Ending)	$ 768,560


Crosby Independent
School District

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit D-3*

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from interfund services provided	$ 467,798
Cash payments for insurance claims	(2,385)
Cash payments to employees	(241,803)
Cash payments to suppliers for goods and services	10,867
Net Cash Provided by (Used for) Operating Activities	234,477
Cash Flows from Investing Activities:	
Proceeds from earnings on investments	30,465
Net Cash Provided by (Used for) Investing Activities	30,465
Net Increase (Decrease) in Cash and Cash Equivalents	264,942
Cash and Cash Equivalents, Beginning of Year	728,732
Cash and Cash Equivalents, End of Year	$ 993,674
Operating Income (Loss)	$ 225,995
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase (decrease) in accounts payable	10,867
Increase (decrease) in claims payable	(2,385)
Total adjustments	8,482
Net Cash Provided by (Used for) Operating Activities	$ 234,477

CROSBY INDEPENDENT SCHOOL DISTRICT ***Exhibit E-1***

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2023

		Custodial Fund
Assets		
Cash and cash equivalents	$	145,640
Inventory		13
Total Assets	$	145,653
Liabilities		
Due to others	$	2,502
Total Liabilities	$	2,502
Net Position		
Restricted	$	143,151
Total Net Position	$	143,151

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit E-2*

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2023

	Custodial Fund
Additions	
Student activities	$ 106,376
Total Additions	106,376
Deductions	
Student activities	103,570
Total Deductions	103,570
Change in net position	2,806
Net Position Beginning of Year	140,345
Net Position End of Year	$ 143,151


Crosby Independent
School District

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Crosby Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Members of the Board are elected by the public, have authority to make decisions, appoint management and significantly influence operations, and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity. The accompanying financial statements present the District.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The ***General Fund*** is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The ***Debt Service Fund*** is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The ***Capital Projects Fund*** accounts for the acquisition and construction of the District's major capital facilities.

Additionally, the District reports the following fund types:

The ***Nonmajor Special Revenue Funds*** are used to account for the proceeds of specific revenue sources (other than those identified as a major fund) that are restricted or committed to expenditures for specific purposes.

The ***Internal Service Fund*** is used to account for workers' compensation risk management services provided throughout the District on a cost-reimbursement basis.

The ***Custodial Fund*** accounts for assets held by the District for student organizations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and fiduciary fund financial statements are reported using 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 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.

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

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time and savings deposits and short term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the District, except for certain investment pools, are reported at fair value. The District's investments in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

TexPool, Lone Star and LOGIC have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity. The District also has a treasury money market fund with Wells Fargo that is classified as a cash equivalent investment with a redemption period of one day

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". All interfund transactions are eliminated on the government-wide financial statements.

All property taxes receivable are shown net of any allowance for uncollectible. The property tax receivable allowance is equal to 4% of outstanding property taxes at June 30, 2023.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), right to use assets, and subscription-based information technology arrangements (SBITAs), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an estimated useful life more than one year and an initial, individual cost exceeding $5,000.

As the District constructs or acquires capital assets each period, they are capitalized and reported at historical cost, except for intangible right-to-use lease and SBITAs. The measurement of the intangible right-to-use assets and SBITAs are discussed in their respective sections of this note. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets, excluding the intangible right-to-use assets and SBITAs, follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated or amortized. The other capital asset classes are depreciated/amortized using the straight-line method over the following estimated useful lives or amortization term as defined below

Assets	Years
Buildings and improvements	5 to 50 years
Equipment and vehicles	5 to 20 years
Right-to-use lease asset	Shorter of lease term or useful life of underlying asset
Subscription asset	Subscription term

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. The District has two items that qualify for reporting in this category. They are deferred charge on bond refunding and deferred outflows related to TRS reported in the government- wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The item related to TRS represents the District's share of the unrecognized plan deferred outflow of resources which TRS uses in calculating the ending net pension and other post-employment benefit (OPEB) liabilities.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for this reporting category. The first item, unavailable revenue from property taxes, is reported only in the governmental funds balance sheet. Under the modified accrual basis of accounting, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items related to TRS represents the District's share of the unrecognized TRS plan deferred inflows of resources which TRS uses in calculating the ending net pension and other post-employment benefit (OPEB) liabilities. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused leave benefits. The term leave includes state personal days and state sick leave days. Payment for unused leave days accumulated will be made upon retirement (in accordance with guidelines established by the Teacher Retirement System of Texas) for all eligible employees. All sick pay is accrued when incurred for employees who are eligible for retirement and meet the District's eligibility guidelines in the government-wide financial statements. The District does not have a liability for unpaid vacation at year-end due to the District's policy does not allow a carryover of vacation days not taken by June 30.

Net Position Flow Assumption

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

Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Fund Balance Flow Assumption

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the general fund, the District intends to maintain a minimum fund balance of 12.5% of the District's general fund annual operating expenditures. If a fund balance drops below 5%, the District plans to recover at a rate of 1% minimally, each year.

Pension

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.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (continued)

Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Leases and Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for various leases for the right to use equipment and various SBITAs for the right to use subscription assets (software). The leases/SBITAs are noncancellable, and the District recognizes a long-term liability and an intangible right to use the assets in the government-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value of $5,000 or more.

At the commencement of the lease/SBITA, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the liability is reduced by the principal portion of payments made. The right to use lease/SBITA asset is initially measured as the sum of (1) the initial liability amount, (2) payments made to the lease/SBITA vendor before commencement of the term, and (3) capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the term. Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

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

The District monitors changes in circumstances that would require a remeasurement of its leases/SBITAs and will remeasure the applicable asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term debt on the statement of net position.

E. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Revenues and Expenditures/Expenses (continued)

Property Taxes

Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

Use of Estimates

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

Data Control Codes

The Data Control Codes refer to the account code structure prescribed by Texas Education Agency (TEA) in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide data base for policy development and funding plans.

F. Implementation of New Standards

GASB Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued in March 2020 and is effective for periods beginning after June 15, 2022. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for periods beginning after June 15, 2022. The District has evaluated the effects of this standard and has determined that it does not impact the financial statements.

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (SBITA), was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The District has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the District has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

GASB issued Statement No. 99, *Omnibus 2022* was issued in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this Statement are effective immediately upon issuance, for periods beginning after June 15, 2022 and June 15, 2023, depending on the topical area.

Note 2 - Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The irrevocable standby letter of credit which complies with state law is in favor of the District. The letter of credit shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The irrevocable standby letter of credit is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash deposits of the District include all amounts deposited at the District's depository bank, including demand deposits, money market and certificates of deposit. The District's cash deposits at June 30, 2023, were entirely covered by FDIC insurance or by an irrevocable standby letter of credit in favor of the District.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0115; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least: two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have an dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

The District's investment measurements and balances, weighted average maturity and credit risks of such investments are as follows:

	Fair Value / Amortized Cost	Less than 1 year	WAM	Percentage of Portfolio	S&P Credit Rating
Governmental Activities:					
Local Government Investment Pools:					
TexPool	$ 19,539,392	$ 19,539,392	22	15%	AAAm
Texas CLASS	53,168,667	53,168,667	26	40%	AAAm
LOGIC	189,218	189,218	40	0%	AAAmmf
Lone Star	54,223,485	54,223,485	23	41%	AAAm
Money market fund	5,976,813	5,976,813	38	4%	AAAm
	133,097,575	133,097,575	25	100%	

Note 2 - Deposits and Investments (continued)

Credit Risk

For fiscal year 2022, the District invested in TexPool, Lone Star, Texas Class and LOGIC. TexPool is duly chartered and administered by the State Comptroller's Office. Lone Star Investment Pool is duly charted by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC, formerly the Texas Association of School Boards Financial Services. LOGIC is administered by First Southwest, a division of Hilltop Securities, and J.P. Morgan Investment Inc. Texas Class is administered by Public Trust Advisors, LLC with UMB Bank, N.A. as Custodian. The Treasury Money Market Fund is administered by Wells Fargo. The credit rating for these investment pools are noted in the preceding table.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and specific identification. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any individual investment not to exceed one year, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk

The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. District policy requires investments to be in the District's name or held by the District's agent in the District's name. The District is not exposed to custodial risk due to the investments are insured or registered, or securities held by the District or its agent in the District's name.

Public Funds Investment Pools

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

Restricted Cash and Cash Equivalents

The District has restricted cash and cash equivalents in the amount of $5,972,728 as of June 30, 2023 which are restricted for the purpose of future debt requirements of the Qualified School Construction Maintenance Tax Notes.

Note 3 - 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 property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are 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 revenue is considered available (1) when it becomes due or past due and receivable within the current period and (2) when it is expected to be collected during a 60-day period after the close of the school fiscal year.

Allowances for uncollectible tax receivables within the General Fund and Debt Service Fund 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.

Note 4 - Receivables

Receivables as of year-end for the District's individual and nonmajor funds, including the applicable allowances for uncollectible amounts, are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property Taxes	$ 2,401,191	$ 1,143,605	$ -	$ 3,544,796
Due from state	9,302,560	-	1,222,214	10,524,774
Due from other governments	198,104	99,663	-	297,767
Interest	22,731	-	-	22,731
Due from others	1,322	-	1,180	2,502
Other	65,347	-	1,340	66,687
Gross Receivables	11,991,255	1,243,268	1,224,734	14,459,257
Less allowance for doubtful accounts	(96,048)	(45,744)	-	(141,792)
Net Total Receivables	$ 11,895,207	$ 1,197,524	$ 1,224,734	$ 14,317,465

Note 5 - Interfund Balances

Receivables/Payables

The composition of interfund balances as of June 30, 2023, is as follows:

	Interfund Balances		
	Receivable	**Payable**	**Net**
General Fund	$ 786,068	$ (514,482)	$ 271,586
Nonmajor Governmental Funds	514,482	(786,068)	(271,586)
Total	$ 1,300,550	$ (1,300,550)	$ -

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	Amounts due between Primary Government and Fiduciary Funds		
	Receivable	**Payable**	**Net**
General Fund	$ 1,322	$ -	$ 1,322
Nonmajor Governmental Funds	1,180	-	1,180
Fiduciary Funds	-	(2,502)	(2,502)
Total	$ 2,502	$ (2,502)	$ -

The outstanding balances between the Primary Government and Fiduciary Funds are presented as due to others in the basic financial statements.

Note 6 - Capital Assets

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

	Balance, as Restated July 01, 2022	Additions	(Retirements)	Balance June 30, 2023
Capital Assets, not being depreciated				
Land	$ 3,660,902	$ -	$ -	$ 3,660,902
Construction in progress	-	454,532	-	454,532
Total Capital Assets, not being depreciated	3,660,902	454,532	-	4,115,434
Capital Assets, being depreciated/amortized				
Buildings and improvements	218,412,209	419,462	-	218,831,671
Furniture and equipment	15,477,487	474,576	-	15,952,063
Right-to-use lease assets	-	448,227	-	448,227
Right-to-use subscription asset		88,253	-	88,253
Total Capital Assets, being depreciated/amortized	233,889,696	1,430,518	-	235,320,214
Less accumulated depreciation/amortization for:				
Buildings and improvements	(69,365,363)	(4,612,653)	-	(73,978,016)
Furniture and Equipment	(10,309,411)	(869,810)	-	(11,179,221)
Right-to-use lease assets	-	(747)	-	(747)
Right-to-use subscription asset	-	(7,273)	-	(7,273)
Total Accumulated Depreciation/Amortization	(79,674,774)	(5,490,483)	-	(85,165,257)
Governmental Capital Assets	$ 157,875,824	$ (3,605,433)	$ -	154,270,391

Less associated bonds, notes, and premium/discounts	(213,332,881)
Less accretion on bonds	(9,795,638)
Less lease payable	(448,227)
Less SBITA payable	(58,161)
Plus unspent bond proceeds	89,860,152
Plus deferred gains/losses on refunding	6,502,922
Net Investment in Capital Assets	$ 26,998,558

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

Function	Depreciation/ Amortization Expense
Instruction	$ 4,244,930
Student (pupil) transportation	448,365
Food services	70,033
Cocurricular/extracurricular activities	505,530
General administration	39,810
Plan maintenance & operations	120,718
Security and monitoring services	6,641
Data processing services	12,371
Community services	42,085
	$ 5,490,483

Note 6 - Capital Assets (continued)

The District had the following remaining commitments open to vendors related to capital projects as of June 30, 2023:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
High School Addition	$ 39,510,044	$ 401,741	$ 39,108,303
Child Nutrition Equipment	56,234	52,791	3,443
	$ 39,566,278	$ 454,532	$ 39,111,746

Note 7 - Long-term Liabilities

Changes in Long-term Liabilities

Changes in the District's long-term liabilities for the year ended June 30, 2023 are as follows:

	Balance, as Restated July 1, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	$ 116,545,000	$ 83,100,000	$ (10,670,000)	$ 188,975,000	$ 3,970,000
Premiums/discounts	4,154,265	4,212,996	(77,817)	8,289,444	-
Accreted interest	9,603,913	191,725	-	9,795,638	-
	130,303,178	87,504,721	(10,747,817)	207,060,082	3,970,000
Limited maintenance tax notes:					
Tax notes	16,345,000	-	(595,000)	15,750,000	610,000
Premiums/discounts	352,110	-	(33,673)	318,437	-
	16,697,110	-	(628,673)	16,068,437	610,000
Other liabilities:					
Compensated absences	336,002	102,214	(19,160)	419,056	57,215
Leases	-	448,227	-	448,227	85,703
SBITAs	-	88,253	(30,092)	58,161	28,748
Net pension liability	9,172,737	13,705,831	-	22,878,568	-
Net OPEB liability	17,227,554	-	(5,763,747)	11,463,807	-
Total Governmental Activities	$ 173,736,581	$ 101,849,246	$ (17,189,489)	$ 258,396,338	$ 4,751,666

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for tax notes principal and interest expenditures are accounted for in the general fund. Compensated absences liabilities are generally paid from the general fund and appropriate special revenue funds.

The District's outstanding bonds payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. The District's outstanding tax notes contain a provision that in an event of default, outstanding amounts become immediately due.

Current Year Activity

The District issued $83,100,000 of Unlimited Tax School Building Bonds, Series 2023 in April 2023. The bonds were issued with a net premium of $4,212,996 and will be used for designing, constructing, renovating, improving, acquiring and equipping school facilities, the purchase of the necessary sites for school facilities, and the purchase of new school buses.

Note 7 - Long-term Liabilities (continued)

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG), school buses and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as current interest bonds (CIB) with various amounts of principal maturing each year. Rates may be fixed or variable. The following is a summary of changes in the general obligation bonds for the fiscal year ended June 30, 2023:

Description	Interest Rate	Date of Issue	Maturity Date	Original Amounts Issued	Amounts Outstanding June 30, 2023
Unlimited Tax School Building Bonds, Series 2014	1.00 - 4.00%	11/5/2014	2/15/2043	$ 8,985,000	$ 8,985,000
Unlimited Tax School Building Bonds, Series 2015	3.50 - 4.00%	7/1/2015	2/15/2043	9,400,000	3,790,000
Unlimited Tax Refunding Bonds, Series 2015	3.00 - 3.625%	11/1/2015	2/15/2024	7,450,000	1,495,000
Unlimited Tax School Building Bonds, Series 2018	3.00 - 4.00%	2/1/2018	2/15/2048	20,010,000	19,355,000
Unlimited Tax Refunding Bonds, Series 2020	4.00 - 5.00%	12/17/2020	2/15/2043	65,045,000	59,755,000
Unlimited Tax Refunding Bonds, Series 2020	1.75 - 5.00%	12/17/2020	2/15/2043	1,975,000	1,975,000
Unlimited Tax Refunding Bonds, Series 2022	1.03 - 2.02%	6/9/2022	2/15/2029	13,965,000	10,520,000
Unlimited Tax School Building Bonds, Series 2023	2.00 - 4.00%	5/18/2023	2/15/2048	83,100,000	83,100,000
				$ 209,930,000	$ 188,975,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Totals
2024	$ 3,970,000	$ 6,300,007	$ 10,270,007
2025	4,500,000	6,773,757	11,273,757
2026	4,760,000	6,571,607	11,331,607
2027	4,885,000	6,378,107	11,263,107
2028	4,605,000	6,176,157	10,781,157
2029 - 2033	28,015,000	28,206,033	56,221,033
2034 - 2038	38,740,000	22,998,398	61,738,398
2039 - 2043	45,845,000	16,045,051	61,890,051
2044 - 2048	53,655,000	6,992,950	60,647,950
	$ 188,975,000	$ 106,442,068	$ 295,417,068

Defeased Bonds Outstanding

As of June 30, 2023, there were no defeased bonds outstanding.

Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of June 30, 2023.

Note 7 - Long-term Liabilities (continued)

Tax Notes

The District issued maintenance tax notes as current interest notes to provide funds for capital improvements and equipping facilities. The maintenance tax notes are secured by the proceeds of a continuing direct annual ad valorem tax levied for maintenance. The following is a summary of changes in the tax notes for the fiscal year ended June 30, 2023:

Description	Interest Rate	Date of Issue	Maturity Date	Original Amounts Issued	Amounts Outstanding June 30, 2023
Qual.School Const. Maint. Tax Note 2010	5.950%	4/1/2010	2/15/2025	$ 7,235,000	$ 7,235,000
Maintenance Tax Notes, Series 2016	2.50-3.25%	2/15/2016	2/15/2036	9,255,000	6,695,000
Maintenance Tax Notes, Series 2017	3.000%	2/1/2017	2/15/2032	2,970,000	1,820,000
				$ 19,460,000	$ 15,750,000

Annual debt service requirements to maturity for the notes payable are as follows:

Fiscal Year	Principal	Interest	Totals
2024	$ 610,000	$ 681,114	$ 1,291,114
2025	7,865,000	662,814	8,527,814
2026	645,000	213,432	858,432
2027	665,000	196,382	861,382
2028	685,000	178,782	863,782
2029 - 2033	3,500,000	585,054	4,085,054
2034 - 2038	1,780,000	113,912	1,893,912
	$ 15,750,000	$ 2,631,490	$ 18,381,490

In accordance with the 2010 QSCMT tax notes the District has obligated itself to make annual deposits of $680,000 into a cumulative sinking fund account on February 15 each year until maturity of the notes in fiscal year 2025. The balance of the sinking fund deposit account is reported on the balance sheet as restricted assets with a balance of $5,972,728 at year-end.

Leases

The District is under contract for noncancellable leases that convey control of the right to use equipment. The lease liabilities outstanding as of June 30, 2023, are as follows:

				Lease Liability		Right to Use Lease Asset		
Description	Start Date	End Date	Interest Rate	Original Amount	Liability as of June 30, 2023	Original Amount	Accumulated Amortization June 30, 2023	Net Amount June 30, 2023
Copy Machines	6/30/2023	6/30/2028	2.23%	$ 448,227	$ 448,227	$ 448,227	$ (747)	$ 447,480

The future principal and interest payments as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 85,703	$ 9,282	$ 94,985
2025	87,631	7,355	94,986
2026	89,601	5,384	94,985
2027	91,616	3,369	94,985
2028	93,676	1,309	94,985
	$ 448,227	$ 26,699	$ 474,926

Note 7 - Long-term Liabilities (continued)

Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of June 30, 2023, are as follows:

				Subscription Liability		Subscription Asset		
Description	Start Date	End Date	Interest Rate	Original Amount	Liability as of June 30, 2023	Original Amount	Accumulated Amortization June 30, 2023	Net Amount June 30, 2023
Transportation Software	4/1/2023	4/1/2026	2.31%	$ 88,253	$ 58,161	$ 88,253	$ (7,273)	$ 80,980

The future principal and interest payments as of June 30, 2023, are as follows:

FY	Principal	Interest	Total
2024	$ 28,748	$ 1,344	$ 30,092
2025	29,413	679	30,092
	$ 58,161	$ 2,023	$ 60,184

Note 8 - Assigned Fund Balance

Fund balances in the General Fund as of June 30, 2023 were assigned by management in the amount of $12,150,000 for the following purposes:

Amount	Purpose
$ 1,000,000	Stadium turf
3,550,000	Safety and security upgrades
7,600,000	Other future capital improvements
$ 12,150,000	

Note 9 - Risk Management

Property/Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. During fiscal 2022, the District purchased commercial insurance to cover these general liabilities. There were no significant reductions in coverage in the current fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 9 - Risk Management (continued)

Health Insurance

During the fiscal year ended June 30, 2023, employees of the District were covered by TRS-Active Care (the Plan), a statewide health coverage program for Texas public education employees implemented by the Teacher Retirement System of Texas (TRS). The District's contribution of $150 per month is combined with the state contribution of $75 per month per participating employee to be used for healthcare coverage premiums. Employees, at their option, authorized payroll deductions to pay remaining premium amounts. All premiums were paid to the TRS.

Workers' Compensation

The District established a new limited risk management program for workers' compensation in 2016, replacing the previously established program, by participating as a self-funded member of the Texas Public Schools Workers' Compensation Project (Pool). The Pool was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. As a self-funded member of the Pool, the District is solely responsible for all claim's costs, both reported and unreported. A third-party administrator provides administrative services to its self-funded members including claims administration and customer service. Premiums are paid into an internal service fund by the other funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. The Texas Public Schools Workers' Compensation Project limits the Pool's liability to $350,000 per occurrence with a maximum aggregate exposure of $5,000,000. Settlements have not exceeded coverages for each of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year. Changes in the balances of claims liabilities during the past two fiscal periods are as follows:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
2023	$ 209,150	$ -	$ (2,385)	$ 206,765
2022	212,549	269,724	(273,123)	209,150
2021	235,081	184,871	(207,403)	212,549

Note 10 - Litigation and Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2023, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

Note 11 - Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

Note 11 - Defined Benefit Pension Plan (continued)

Contributions

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

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

	Contribution Rates Measurement Year	
	2023	**2022**
Member	8.00%	8.00%
Non-employer contributing agency	8.00%	7.75%
Employers	8.00%	7.75%

	Current Fiscal Year Contributions
Employer (District)	$ 1,897,107
Employee (Member)	3,590,050
Non-employer Contributing Entity On-behalf Contributions (State)	2,270,780

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

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

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

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

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

Note 11 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

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

Component	Result
Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. 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% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. 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.

Note 11 - Defined Benefit Pension Plan (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 are summarized below:

Asset Class	Target Allocation[2]	Long-Term Expected Geometric Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity[1]	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return[1]	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources & Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag[4]			-0.91%
Expected Return	100.00%		8.21%

[1] Absolute Return includes Credit Sensitive Investments.

[2] Target allocations are based on the fiscal year 2022 policy model.

[3] Capital Market Assumptions come from Aon Hewitt as of August 31, 2022.

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

Note 11 - Defined Benefit Pension Plan (continued)

Discount Rate Sensitivity Analysis

The following table presents the District's proportional share of the Net Pension Liability of the plan using the discount rate of 7.00%, and what the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	$ 35,590,377	$ 22,878,568	$ 12,575,050

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

On June 30, 2023, the District reported a liability of $22,878,568 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	22,878,568
State's proportionate share that is associated with the District	27,007,524
Total	$ 49,886,092

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

On August 31, 2022, the employer's proportion of the collective net pension liability was 0.0385% which was an increase of 0.0025% from its proportion measured as of August 31,2021.

Change 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% to 7.00%.

Note 11 - Defined Benefit Pension Plan (continued)

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

For the year ended June 30, 2023, the District recognized pension expense of $3,020,133. The District also recognized on-behalf pension expense and revenue of $2,581,613 for support provided by the State.

On June 30, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 331,737	$ (498,796)
Changes of assumption	4,263,022	(1,062,464)
Net difference between projected and actual earnings on pension plan investments	2,260,329	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,567,610	(833,647)
District contributions subsequent to the measurement date	1,596,832	-
Total	$ 10,019,530	$ (2,394,907)

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense	Balance of Deferred Outflows (Inflows)
2024	$ 1,656,440	$ 4,371,351
2025	755,834	3,615,517
2026	287,419	3,328,098
2027	2,829,471	498,627
2028	498,627	-
	$ 6,027,791	

The District will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the Net Pension Liability on an annual basis. The contributions are paid by the funds that pay the employees' salaries. These funding sources include the General Fund and Special Revenue funds.

Note 12 - Defined Other Post-Employment Benefit Plan

Plan Description

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

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

OPEB Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx, or 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 postemployment benefit changes; including automatic COLAs.

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

TRS-Care Monthly Premium Rates

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

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

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 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.

	Contribution Rates Measurement Year	
	2023	**2022**
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

	Current Fiscal Year Contributions
Employer (District)	$ 393,571
Employee (Member)	291,689
Non-employer Contributing Entity On-behalf Contributions (State)	754,185

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 TRS Care, a monthly surcharge of $535 per retiree.

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

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

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:

Component	Result
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 claim costs.
Projected Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. The initial prescription drug trend was 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

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

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

Discount Rate

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

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

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (2.91%)	Current Rate (3.91%)	1% Increase (4.91%)
District's proportional share of the net OPEB liability	$ 13,516,738	$ 11,463,807	$ 9,800,670

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

On June 30, 2023, the District reported a liability of $11,463,807 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 11,463,807
State's proportionate share that is associated with the District	13,984,044
Total	$ 25,447,851

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

On August 31, 2022 the District's proportion of the collective Net OPEB Liability was 0.0479% which was an increase of 0.0032% from its proportion measured as of August 31, 2021.

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

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

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

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	$ 9,446,229	$ 11,463,807	$ 14,079,338

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

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

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

For the year ended June 30, 2023, the District recognized negative OPEB expense of $1,377,355. The District also recognized negative on-behalf OPEB expense and revenue of $1,984,449 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 637,347	$ (9,550,380)
Changes of assumption	1,746,165	(7,964,371)
Net difference between projected and actual earnings on OPEB plan investments	34,147	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,313,698	(2,300,937)
District contributions subsequent to the measurement date	328,340	-
Total	$ 6,059,697	$ (19,815,688)

Note 12 - Defined Other Post-Employment Benefit Plan (continued)

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

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	OPEB Expense Amount	Balance of Deferred Outflows (Inflows)
2024	$ (2,683,318)	$ (11,401,013)
2025	(2,683,194)	(8,717,819)
2026	(2,197,058)	(6,520,761)
2027	(1,538,905)	(4,981,856)
2028	(2,053,068)	(2,928,788)
Thereafter	(2,928,788)	-
	$ (14,084,331)	

The District will continue to make the required OPEB contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the Net OPEB Liability on an annual basis. The contributions are paid by the funds that pay the employees' salaries. These funding sources include the General Fund and Special Revenue funds.

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on-behalf of the District were $246,847, $189,674, and $189,739, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds' financial statements of the District.

Note 13 - Prior Period Adjustment

The District's reported a prior period adjustment to write-off amounts previously reported for construction in progress in previous fiscal years. The effect of the prior period adjustment on governmental activities' net position is as follows:

Governmental Activities:	
Beginning Net Position - As Originally Stated	$ 24,864,127
Construction in progress write-offs	(2,538,913)
Beginning Net Position - As Restated	$ 22,325,214


Crosby Independent
School District

REQUIRED SUPPLEMENTARY INFORMATION


Crosby Independent
School District

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit G-1*

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Favorable (Unfavorable)
	Revenues				
5700	Local, intermediate, and out-of-state	$ 26,720,860	$ 26,949,060	$ 27,416,471	$ 467,411
5800	State program revenues	36,271,000	36,426,500	38,558,542	2,132,042
5900	Federal program revenues	1,755,000	1,955,000	2,145,545	190,545
5020	**Total Revenues**	64,746,860	65,330,560	68,120,558	2,789,998
	Expenditures				
	Current:				
0011	Instruction	37,579,832	37,793,183	35,414,335	2,378,848
0012	Instruction resources and media services	200,793	200,793	167,055	33,738
0013	Curriculum and instructional staff development	1,442,445	1,442,445	1,277,109	165,336
0021	Instructional leadership	531,824	661,824	633,688	28,136
0023	School leadership	3,816,027	3,997,823	3,479,743	518,080
0031	Guidance, counseling and evaluation services	2,174,452	2,060,589	1,733,285	327,304
0033	Health services	755,709	755,709	688,759	66,950
0034	Student transportation	3,125,581	3,165,394	2,605,742	559,652
0035	Food services	40,000	40,000	28,175	11,825
0036	Extracurricular activities	1,922,503	2,017,503	1,872,400	145,103
0041	General administration	2,514,197	3,048,733	3,024,682	24,051
0051	Facilities maintenance and operations	6,094,999	6,739,526	6,356,438	383,088
0052	Security and monitoring services	837,985	2,115,485	1,395,319	720,166
0053	Data processing services	271,514	271,514	243,699	27,815
0061	Community services	29,588	39,588	18,460	21,128
	Debt service:				
0071	Principal on long-term debt	615,000	595,000	625,092	(30,092)
0072	Interest on long-term debt	698,964	698,964	698,964	-
0073	Bond issuance costs and fees	5,067	32,067	1,650	30,417
	Capital outlay:				
0081	Facilities acquisition and construction	220,000	1,332,681	401,731	930,950
	Intergovernmental:				
0093	Payments related to shared services arrangements	60,000	60,000	59,400	600
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	19,800	19,800	-	19,800
0099	Other intergovernmental charges	261,439	269,939	269,931	8
6030	**Total Expenditures**	63,217,719	67,358,560	60,995,657	6,362,903
1100	Excess (deficiency) of revenues over expenditures	1,529,141	(2,028,000)	7,124,901	9,152,901
	Other Financing Sources (Uses)				
7913	Proceeds from right to use assets	-	-	448,227	448,227
7949	Other resources	-	-	88,253	88,253
8949	Other uses	(10,000)	(10,000)	-	10,000
7080	**Total Other Financing Sources (Uses)**	(10,000)	(10,000)	536,480	546,480
	Net change in fund balances	1,519,141	(2,038,000)	7,661,381	9,699,381
0100	**Fund Balance - July 1 (Beginning)**	30,893,438	30,893,438	30,893,438	-
3000	**Fund Balance - June 30 (Ending)**	$ 32,412,579	$ 28,855,438	$ 38,554,819	$ 9,699,381

A. Budgets and Budgetary Accounting

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund, Child Nutrition Fund, and Debt Service Fund during the fiscal year ended June 30, 2023.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by June 30, 2023. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit G-2*

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN MEASUREMENT YEARS

	2022	2021	2020	2019
District's proportion of the net pension liability	0.0385%	0.0360%	0.0354%	0.0360%
District's proportionate share of the net pension liability	$ 22,878,568	$ 9,172,737	$ 18,935,911	$ 18,719,667
State's proportionate share of the net pension liability associated with the District	27,007,524	12,689,032	26,443,384	25,368,891
Total	$ 49,886,092	$ 21,861,769	$ 45,379,295	$ 44,088,558
District's covered payroll (for Measurement Year)	$44,064,904	$ 54,791,753	$ 53,578,488	$ 53,503,293
District's proportionate share of the net pension liability as a percentage of it's covered payroll	51.92%	16.74%	35.34%	34.99%
Plan fiduciary net position as a percentage of the total pension liability *	75.65%	88.79%	75.54%	75.24%
Plan's net pension liability as a percentage of covered payroll *	112.72%	51.08%	110.36%	114.93%

	2018	2017	2016	2015
District's proportion of the net pension liability	0.0409%	0.0374%	0.0336%	0.0323%
District's proportionate share of the net pension liability	$ 22,500,858	$ 11,953,552	$ 12,688,305	$ 11,429,108
State's proportionate share of the net pension liability associated with the District	32,105,118	19,031,719	21,022,958	19,600,726
Total	$ 54,605,976	$ 30,985,271	$ 33,711,263	$ 31,029,834
District's covered payroll (for Measurement Year)	$ 52,116,034	$ 50,779,368	$ 47,658,971	$ 46,141,521
District's proportionate share of the net pension liability as a percentage of it's covered payroll	43.17%	23.54%	26.62%	24.77%
Plan fiduciary net position as a percentage of the total pension liability *	73.74%	82.17%	78.00%	78.43%
Plan's net pension liability as a percentage of covered payroll *	126.11%	75.93%	92.75%	91.94%

The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Measurement Year 2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit G-3*

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contributions	$ 1,897,107	$ 1,750,250	$ 1,512,668	$ 1,425,866
Contributions in relation to the contractual required contributions	1,897,107	1,750,250	1,512,668	1,425,866
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$44,872,745	$ 43,814,623	$ 41,977,425	$ 40,138,908
Contributions as a percentage of covered payroll	4.23%	3.99%	3.60%	3.55%

	2019	2018	2017	2016
Contractually required contributions	$ 1,294,013	$ 1,368,942	$ 994,987	$ 1,065,900
Contributions in relation to the contractual required contributions	1,294,013	1,368,942	994,987	1,065,900
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 39,010,561	$ 42,528,472	$ 33,078,371	$ 35,355,165
Contributions as a percentage of covered payroll	3.32%	3.22%	3.01%	3.01%

Note: Fiscal year 2017 presents ten months of data due to the District changing its fiscal year-end toJune to from August 31.

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit G-4*

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST SIX MEASUREMENT YEARS [1]

	2022	2021	2020	2019
District's proportion of the net OPEB liability	0.0479%	0.0447%	0.0440%	0.0444%
District's proportionate share of the net OPEB liability	$ 11,463,807	$ 17,227,554	$ 16,734,102	$ 21,012,756
State's proportionate share of the net OPEB liability associated with the District	13,984,044	23,081,083	22,486,622	27,921,253
Total	$ 25,447,851	$ 40,308,637	$ 39,220,724	$ 48,934,009
District's covered payroll (for Measurement Year)	$44,064,904	$ 54,791,753	$ 53,578,488	$ 53,503,293
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	26.02%	31.44%	31.23%	39.27%
Plan fiduciary net position as a percentage of the total OPEB liability *	11.52%	6.18%	4.99%	2.66%
Plan's net OPEB liability as a percentage of covered payroll *	59.10%	100.13%	101.46%	135.21%

	2018	2017
District's proportion of the net OPEB liability	0.0506%	0.0458%
District's proportionate share of the net OPEB liability	$ 25,248,202	$ 19,934,458
State's proportionate share of the net OPEB liability associated with the District	36,564,861	31,736,731
Total	$ 61,813,063	$ 51,671,189
District's covered payroll (for Measurement Year)	$ 52,116,034	$ 52,116,034
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	48.45%	38.25%
Plan fiduciary net position as a percentage of the total OPEB liability *	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	146.64%	132.55%

The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

[1]Ten years of data should be presented in this schedule but data is unavailable prior to measurement year 2017.

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Measurement Year 2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

Measurement Year 2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit G-5*

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM
LAST SIX FISCAL YEARS [1]

	2023	2022	2021	2020
Contractually required contributions	$ 393,571	$ 383,112	$ 344,845	$ 330,887
Contributions in relation to the contractual required contributions	393,571	383,112	344,845	330,887
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$44,872,745	$ 43,814,623	$ 41,977,425	$ 40,138,908
Contributions as a percentage of covered payroll	0.88%	0.87%	0.82%	0.82%

	2019	2018
Contractually required contributions	$ 322,924	$ 324,330
Contributions in relation to the contractual required contributions	322,924	324,330
Contribution deficiency (excess)	$ -	$ -
District's covered payroll	$ 39,010,561	$ 42,528,472
Contributions as a percentage of covered payroll	0.83%	0.76%

[1]Ten years of data should be presented in this schedule but data is unavailable prior to fiscal year 2018. The District adopted GASB Statement No. 75 in fiscal year 2018.

OTHER SUPPLEMENTARY INFORMATION


Crosby Independent
School District

		206	211	224	225
Data Control Codes		**ESEA Title X, Part C**	**ESEA, Title I, Part A**	**IDEA - Part B, Formula**	**IDEA - Part B, Preschool**
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ 11	$ -
	Receivables:				
1240	Due from other governments	596	176,466	193,145	4,507
1260	Due from other funds	-	-	-	-
1267	Due from others	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 596	$ 176,466	$ 193,156	$ 4,507
	Liabilities				
2110	Accounts payable	$ -	$ -	$ 4,346	$ -
2150	Payroll deductions and withholdings	-	5,243	5,291	61
2160	Accrued wages payable	-	95,789	97,922	1,838
2170	Due to other funds	596	75,434	85,597	2,608
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	596	176,466	193,156	4,507
	Fund Balance:				
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 596	$ 176,466	$ 193,156	$ 4,507

Data Control Codes		226 IDEA, Part B - Discretionary	240 School Breakfast Program and National School Lunch Program	244 Career and Technical Education	255 ESEA, Title II, Part A
	Assets				
1110	Cash and cash equivalents	$ -	$ 2,481,730	$ -	$ -
	Receivables:				
1240	Due from other governments	56,034	42,414	3,092	30,667
1260	Due from other funds	-	455,982	-	-
1267	Due from others	-	-	-	-
1290	Other receivables	-	180	-	-
1300	Inventories, at cost	-	105,622	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 56,034	$ 3,085,928	$ 3,092	$ 30,667
	Liabilities				
2110	Accounts payable	$ -	$ 114,496	$ -	$ -
2150	Payroll deductions and withholdings	-	7,555	186	1,212
2160	Accrued wages payable	-	102,834	2,906	16,548
2170	Due to other funds	56,034	9,373	-	12,907
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	51,919	-	-
2000	**Total Liabilities**	56,034	286,177	3,092	30,667
	Fund Balance:				
	Restricted:				
3450	Grant funds	-	2,799,751	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	2,799,751	-	-
4000	**Total Liabilities and Fund Balances**	$ 56,034	$ 3,085,928	$ 3,092	$ 30,667

Data Control Codes		263 Title III, Part A	279 Texas COVID Learning Acceleration Supports (TCLAS)	281 Elementary and Secondary School Emergency Relief Fund II (ESSER II)	282 Elementary and Secondary School Emergency Relief Fund III (ESSER III)
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ -
	Receivables:				
1240	Due from other governments	9,612	11,580	73,107	448,534
1260	Due from other funds	1,035	1,424	-	56,034
1267	Due from others	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 10,647	$ 13,004	$ 73,107	$ 504,568
	Liabilities				
2110	Accounts payable	$ -	$ -	$ 1	$ 16,492
2150	Payroll deductions and withholdings	210	-	2,601	6,929
2160	Accrued wages payable	6,282	-	38,738	106,746
2170	Due to other funds	4,155	13,004	31,767	374,401
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	**Total Liabilities**	10,647	13,004	73,107	504,568
	Fund Balance:				
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 10,647	$ 13,004	$ 73,107	$ 504,568

		284	289	410	428
Data Control Codes		**IDEA - Part B, ARP**	**Federally Funded Special Revenue Funds**	**State Instructional Materials Fund**	**Read to Succeed License Plate Program**
	Assets				
1110	Cash and cash equivalents	$ -	$ -	$ 5	$ 38
	Receivables:				
1240	Due from other governments	70,932	-	-	-
1260	Due from other funds	-	-	-	-
1267	Due from others	-	-	-	-
1290	Other receivables	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	9,466	-	-
1000	**Total Assets**	$ 70,932	$ 9,466	$ 5	$ 38
	Liabilities				
2110	Accounts payable	$ 17,578	$ -	$ -	$ -
2150	Payroll deductions and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	53,354	8,075	-	-
2180	Due to other governments	-	268	-	-
2300	Unearned revenue	-	1,123	5	38
2000	**Total Liabilities**	70,932	9,466	5	38
	Fund Balance:				
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Other purposes	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 70,932	$ 9,466	$ 5	$ 38

		429	461	495	498
Data Control Codes		**State Funded Special Revenue Funds**	**Campus Activity Funds**	**Miscellaneous Local Grants**	**Crosby Education Foundation**
	Assets				
1110	Cash and cash equivalents	$ -	$ 696,530	$ 107	$ -
	Receivables:				
1240	Due from other governments	101,528	-	-	-
1260	Due from other funds	-	-	-	7
1267	Due from others	-	1,180	-	-
1290	Other receivables	-	-	-	1,160
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 101,528	$ 697,710	$ 107	$ 1,167
	Liabilities				
2110	Accounts payable	$ 44,301	$ 6,943	$ -	$ -
2150	Payroll deductions and withholdings	-	-	-	-
2160	Accrued wages payable	-	-	-	20
2170	Due to other funds	57,227	389	-	1,147
2180	Due to other governments	-	31	-	-
2300	Unearned revenue	-	-	107	-
2000	**Total Liabilities**	101,528	7,363	107	1,167
	Fund Balance:				
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Other purposes	-	690,347	-	-
3000	**Total Fund Balances**	-	690,347	-	-
4000	**Total Liabilities and Fund Balances**	$ 101,528	$ 697,710	$ 107	$ 1,167

499

Data Control Codes		Region IV School Support Grant	Total Nonmajor Governmental Funds
	Assets		
1110	Cash and cash equivalents	$ 371	$ 3,178,792
	Receivables:		
1240	Due from other governments	-	1,222,214
1260	Due from other funds	-	514,482
1267	Due from others	-	1,180
1290	Other receivables	-	1,340
1300	Inventories, at cost	-	105,622
1410	Prepaid items	-	9,466
1000	**Total Assets**	$ 371	$ 5,033,096
	Liabilities		
2110	Accounts payable	$ 340	$ 204,497
2150	Payroll deductions and withholdings	-	29,288
2160	Accrued wages payable	-	469,623
2170	Due to other funds	-	786,068
2180	Due to other governments	-	299
2300	Unearned revenue	31	53,223
2000	**Total Liabilities**	371	1,542,998
	Fund Balance:		
	Restricted:		
3450	Grant funds	-	2,799,751
	Committed:		
3545	Other purposes	-	690,347
3000	**Total Fund Balances**	-	3,490,098
4000	**Total Liabilities and Fund Balances**	$ 371	$ 5,033,096

Data Control Codes		206 ESEA Title X, Part C	211 ESEA, Title I, Part A	224 IDEA - Part B, Formula	225 IDEA - Part B, Preschool
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	7,528	870,493	1,051,183	27,465
5020	**Total Revenues**	7,528	870,493	1,051,183	27,465
	Expenditures				
	Current:				
0011	Instruction	6,422	852,403	209,651	27,465
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	1,095	7,856	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	1,709	-
0031	Guidance, counseling and evaluation services	647	-	831,967	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	459	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	16,995	-	-
6030	**Total Expenditures**	7,528	870,493	1,051,183	27,465
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

Data Control Codes		226 IDEA, Part B - Discretionary	240 School Breakfast Program and National School Lunch Program	244 Career and Technical Education	255 ESEA, Title II, Part A
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ 1,132,053	$ -	$ -
5800	State program revenues	-	17,340	-	-
5900	Federal program revenues	56,034	3,294,700	31,206	154,028
5020	**Total Revenues**	56,034	4,444,093	31,206	154,028
	Expenditures				
	Current:				
0011	Instruction	56,034	-	-	154,028
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	31,206	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	3,626,523	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	47,371	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
6030	**Total Expenditures**	56,034	3,673,894	31,206	154,028
1100	Excess (deficiency) of revenues over expenditures	-	770,199	-	-
1200	Net change in fund balances	-	770,199	-	-
0100	**Fund Balance - July 1 (Beginning)**	-	2,029,552	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ 2,799,751	$ -	$ -

Data Control Codes		263 Title III, Part A	279 Texas COVID Learning Acceleration Supports (TCLAS)	281 Elementary and Secondary School Emergency Relief Fund II (ESSER II)	282 Elementary and Secondary School Emergency Relief Fund III (ESSER III)
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	65,520	132,708	1,474,133	1,891,328
5020	**Total Revenues**	65,520	132,708	1,474,133	1,891,328
	Expenditures				
	Current:				
0011	Instruction	65,520	132,708	1,122,617	1,258,357
0012	Instruction resources and media services	-	-	93,812	93,913
0013	Curriculum and instructional staff development	-	-	10,845	62,779
0021	Instructional leadership	-	-	4,359	62,786
0023	School leadership	-	-	41,025	5,733
0031	Guidance, counseling and evaluation services	-	-	24,410	324,439
0033	Health services	-	-	9,567	41,038
0034	Student transportation	-	-	39,228	-
0035	Food services	-	-	51,275	-
0036	Extracurricular activities	-	-	4,522	-
0041	General administration	-	-	16,756	42,283
0051	Facilities maintenance and operations	-	-	52,558	-
0052	Security and monitoring services	-	-	1,281	-
0053	Data processing services	-	-	853	-
0061	Community services	-	-	1,025	-
6030	**Total Expenditures**	65,520	132,708	1,474,133	1,891,328
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

Data Control Codes		284 IDEA - Part B, ARP	289 Federally Funded Special Revenue Funds	410 State Instructional Materials Fund	428 Read to Succeed License Plate Program
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	339,275	28
5900	Federal program revenues	102,181	95,520	-	-
5020	**Total Revenues**	102,181	95,520	339,275	28
	Expenditures				
	Current:				
0011	Instruction	7,790	26,127	339,275	-
0012	Instruction resources and media services	-	-	-	28
0013	Curriculum and instructional staff development	840	1,191	-	-
0021	Instructional leadership	6,401	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	87,150	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	68,202	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
6030	**Total Expenditures**	102,181	95,520	339,275	28
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

		429	461	495	498
Data Control Codes		**State Funded Special Revenue Funds**	**Campus Activity Funds**	**Miscellaneous Local Grants**	**Crosby Education Foundation**
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ 519,728	$ 8,893	$ 65,000
5800	State program revenues	173,612	-	-	-
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	173,612	519,728	8,893	65,000
	Expenditures				
	Current:				
0011	Instruction	49,913	74,949	8,893	-
0012	Instruction resources and media services	-	53,255	-	-
0013	Curriculum and instructional staff development	-	1,929	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	29,083	-	-
0031	Guidance, counseling and evaluation services	10,500	533	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	284,165	-	-
0041	General administration	10,752	20	-	-
0051	Facilities maintenance and operations	919	-	-	-
0052	Security and monitoring services	101,528	400	-	-
0053	Data processing services	-	2	-	-
0061	Community services	-	203	-	65,000
6030	**Total Expenditures**	173,612	444,539	8,893	65,000
1100	Excess (deficiency) of revenues over expenditures	-	75,189	-	-
1200	Net change in fund balances	-	75,189	-	-
0100	**Fund Balance - July 1 (Beginning)**	-	615,158	-	-
3000	**Fund Balance - June 30 (Ending)**	$ -	$ 690,347	$ -	$ -

Data Control Codes		499 Region IV School Support Grant	Total Nonmajor Governmental Funds
	Revenues		
5700	Local, intermediate, and out-of-state	$ 7,275	$ 1,732,949
5800	State program revenues	-	530,255
5900	Federal program revenues	-	9,254,027
5020	**Total Revenues**	7,275	11,517,231
	Expenditures		
	Current:		
0011	Instruction	-	4,392,152
0012	Instruction resources and media services	-	241,008
0013	Curriculum and instructional staff development	6,830	93,365
0021	Instructional leadership	445	105,197
0023	School leadership	-	77,550
0031	Guidance, counseling and evaluation services	-	1,279,646
0033	Health services	-	50,605
0034	Student transportation	-	39,228
0035	Food services	-	3,677,798
0036	Extracurricular activities	-	288,687
0041	General administration	-	70,270
0051	Facilities maintenance and operations	-	100,848
0052	Security and monitoring services	-	171,411
0053	Data processing services	-	855
0061	Community services	-	83,223
6030	**Total Expenditures**	7,275	10,671,843
1100	Excess (deficiency) of revenues over expenditures	-	845,388
1200	Net change in fund balances	-	845,388
0100	**Fund Balance - July 1 (Beginning)**	-	2,644,710
3000	**Fund Balance - June 30 (Ending)**	$ -	$ 3,490,098

REQUIRED TEA SCHEDULES


Crosby Independent
School District

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit J-1*

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended June 30, 2023

Fiscal Year	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Net Assessed/ Appraised Value For School Tax Purposes	10 Beginning Balance 7/01/2022	20 Current Year's Total Levy	31 Maintenance Total Collections	32 Debt Service Total Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/2023
2014 and prior	Various	Various	Various	$ 679,805	$ -	$ 30,667	$ 7,718	$ (7,271)	$ 634,149
2015	1.1700	0.5000	$ 1,323,928,443	75,085	-	4,244	1,814	(770)	68,257
2016	1.1700	0.5000	1,510,967,066	70,829	-	5,119	2,188	(266)	63,256
2017	1.1700	0.5000	1,606,094,132	87,903	-	8,331	3,560	1,923	77,935
2018	1.1700	0.5000	1,671,335,749	147,501	-	11,479	4,905	3,435	134,552
2019	1.1700	0.4800	1,760,500,180	145,711	-	16,219	6,654	(89)	122,749
2020	1.0684	0.4800	1,843,055,758	220,063	-	38,752	17,411	3,265	167,165
2021	0.9983	0.4800	2,029,405,109	391,840	-	117,691	56,588	19,057	236,618
2022	0.9603	0.4800	2,377,720,475	1,285,654	-	482,022	240,935	(115,411)	447,286
2023	0.9429	0.4800	2,693,336,285	-	38,323,482	24,339,963	12,390,690	-	1,592,829
1000 Totals				$ 3,104,391	$ 38,323,482	$ 25,054,487	$ 12,732,463	$ (96,127)	$ 3,544,796

8000 Taxes refunded under Section 26.115(c), Tax Code, for tax refunds issued for immediate homestead exemptions pursuant to Senate Bill (SB) 8, 87-2	$ 15,395

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit J-2*

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION FUND
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local and intermediate sources	$ 683,750	$ 1,072,750	$ 1,132,053	$ 59,303
State program revenues	82,000	82,000	17,340	(64,660)
Federal program revenues	2,838,308	2,838,308	3,294,700	456,392
Total Revenues	3,604,058	3,993,058	4,444,093	451,035
Expenditures				
Current:				
Food services	3,635,960	4,262,825	3,626,523	636,302
Facilities maintenance and operations	60,000	60,000	47,371	12,629
Total Expenditures	3,695,960	4,322,825	3,673,894	648,931
Net change in fund balances	(91,902)	(329,767)	770,199	1,099,966
Fund Balances - Beginning	2,029,552	2,029,552	2,029,552	-
Fund Balances - Ending	$ 1,937,650	$ 1,699,785	$ 2,799,751	$ 1,099,966

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit J-3*

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local and intermediate sources	$ 13,214,657	$ 13,215,859	$ 13,174,094	$ (41,765)
State program revenues	-	-	323,307	323,307
Total Revenues	13,214,657	13,215,859	13,497,401	281,542
Expenditures				
Debt Service:				
Principal on long-term debt	9,782,600	10,670,000	10,670,000	-
Interest on long-term debt	3,407,557	3,407,557	3,407,557	-
Other debt service fees	24,500	11,302	11,302	-
Total Expenditures	13,214,657	14,088,859	14,088,859	-
Net change in fund balances	-	(873,000)	(591,458)	281,542
Fund Balances - Beginning	7,373,069	7,373,069	7,373,069	-
Fund Balances - Ending	$ 7,373,069	$ 6,500,069	$ 6,781,611	$ 281,542

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit J-4*

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended June 30, 2023

Data Codes	Section A: Compensatory Education Programs	Responses
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.	$ 6,248,011
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	$ 3,283,559
	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.	$ 800,988
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	$ 353,341

CROSBY INDEPENDENT SCHOOL DISTRICT ***Schedule L-1***

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

For the Year Ended June 30, 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 at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered **to not have made** timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	$ 9,795,638

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).


Crosby Independent
School District

FEDERAL AWARDS SECTION


Crosby Independent
School District

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

To the Board of Trustees
Crosby 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 Crosby Independent School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated November 13, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

To the Board of Trustees
Crosby Independent School District

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whitley Penn LLP

Houston, Texas
November 13, 2023

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

To the Board of Trustees
Crosby Independent School District

Report on Compliance for Each Major Federal Program

Opinion On Each Major Program

We have audited Crosby Independent School District's (the "District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion On Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

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

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

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

To the Board of Trustees
Crosby Independent School District

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.

Whitley Penn LLP

Houston, Texas
November 13, 2023


Crosby Independent
School District

CROSBY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

I. Summary of Auditors' Results

Financial Statements	
Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	**Assistance Listing Numbers**
U.S. Department of Education	
ESEA Title I, Part A-Improving Basic Programs	84.010A
COVID-19-CRRSA ESSER II	84.425D
COVID-19-ARP ESSER III	84.425U
COVID-19-TCLAS-ESSER III	84.425U
Dollar Threshold Considered Between Type A and Type B Federal Programs	$750,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

None Reported

III. Federal Awards Findings and Questioned Costs

None reported

CROSBY INDEPENDENT SCHOOL DISTRICT *Exhibit K-1*

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

Fund	(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(3) Federal Expenditures
		U.S. Department of Agriculture		
		Passed Through Texas Department of Agriculture:		
240	516	*Supply Chain Assistance NSLP*	10.555	$ 185,432
240	516	*Commodities Non-cash Assistance*	10.555	264,539
		Passed Through Texas Education Agency:		
240	71402301	*National School Breakfast Program*	10.553	641,779
240	71302301	*National School Lunch Program*	10.555	2,199,815
		Total Child Nutrition Cluster (ALN 10.555, 10.553)		3,291,565
		Passed Through Texas Department of Agriculture:		
240	516	*COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT)*	10.649	3,135
		Total Department of Agriculture		**3,294,700**
		Federal Communication Commission		
289	ECF2190008846	*COVID-19-Emergency Connectivity Fund Program*	32.009	11,153
		Total Federal Communication Commission		**11,153**
		U.S. Department of Education		
		Passed Through Texas Education Agency:		
211	22610101101906	*ESEA Title I, Part A-Improving Basic Programs*	84.010A	13,190
211	23610101101906	*ESEA Title I, Part A-Improving Basic Programs*	84.010A	884,914
		Total ALN 84.010		898,104
224	226600011019066600	*IDEA-B Formula*	84.027A	30,044
224	236600011019066600	*IDEA-B Formula*	84.027A	1,054,481
225	226610011019066610	*IDEA-B Preschool*	84.173A	3,346
225	236610011019066610	*IDEA-B Preschool*	84.173A	24,990
284	225350011019065350	*COVID-19 - IDEA-B Formula-ARP*	84.027X	105,420
226	H027A220008	*IDEA-B High Cost*	84.027A	56,034
		Total Special Education Cluster (ALN 84.027, 84.173)		1,274,315
244	23420006101906	*Career and Technical-Basic Grant*	84.048A	32,195
206	224600057110017	*Texas Education For Homeless Children Youth*	84.196A	1,406
206	234600057110017	*Texas Education For Homeless Children Youth*	84.196A	6,360
		Total ALN 84.196		7,766
255	22694501101906	*ESEA Title II, Part A-Teacher and Principal Training and Recruiting*	84.367A	727
255	23694501101906	*ESEA Title II, Part A-Teacher and Principal Training and Recruiting*	84.367A	158,186
		Total ALN 84.367		158,913
263	22671001101906	*Title III, Part A-English Language Acquisition and Language Enhancement*	84.365A	14,113
263	23671001101906	*Title III, Part A-English Language Acquisition and Language Enhancement*	84.365A	53,484
		Total ALN 84.365		67,597
281	21521001101906	*COVID-19 - CRRSA ESSER II*	84.425D	1,691,095
282	21528001101906	*COVID-19 - ARP ESSER III*	84.425U	2,169,693
279	21528042101906	*COVID-19 - TCLAS-ESSER III*	84.425U	152,240
		Total ALN 84.425		4,013,028
289	22680101101906	*ESEA Title IV, Part A-Subpart I*	84.424A	10,434
289	23680101101906	*ESEA Title IV, Part A-Subpart I*	84.424A	58,960
		Total ALN 84.424		69,394
289	6955202	*Summer School-LEP*	84.369A	14,973
		Total U.S. Department of Education		**6,536,285**
		U.S. Department of Health and Human Services		
		Passed Through Texas Health and Human Services Commission:		
199	HHS000537900160	*Medicaid Administrative Claiming (MAC)*	93.778	43,353
		Total Medicaid Cluster (ALN 93.778)		43,353
		Total U.S. Department of Health And Human Services		**43,353**
		Total Expenditures of Federal Awards		**$ 9,885,491**

Note 1 - **Summary of Significant Accounting Policies**

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

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-3:

Total shown on Schedule of Expenditures of Federal Awards	$	9,885,491
Other Federal Revenue Accounted for in Governmental Funds:		
Medicaid SHARS		989,010
Junior ROTC		65,002
E-rate		65,270
Interest Rate Subsidy on Build America Bonds		394,799
		1,514,081
Total Federal Revenue - Exhibit C-3	$	11,399,572

Note 4 - General Fund Expenditures

Federal Awards reported in the general fund are summarized as follows:

Federal Revenues in General Fund:		
Medicaid SHARS	$	989,010
E-rate		65,270
Junior ROTC		65,002
Interest Rate Subsidy on Build America Bonds		394,799
Medicaid Administrative Claims		43,353
Indirect Costs:		
Texas Education For Homeless Children Youth		238
ESEA Title I, Part A-Improving Basic Programs		27,611
IDEA-B Formula		33,342
IDEA-B Preschool		871
Career and Technical-Basic Grant		989
ESEA Title II, Part A-Teacher and Principal Training and Recruit		4,885
Title III, Part A-English Language Acquisition and Language Enh		2,077
COVID-19-TCLAS-ESSER III		19,532
COVID-19-CRRSA ESSER II		216,962
COVID-19-ARP ESSER III		278,365
IDEA-B Formula-ARP		3,239
Total Federal Revenues in General Fund:	$	2,145,545

CROSBY INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2023

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

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

I. Prior Audit Findings

None Noted

CROSBY INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2023

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable


Crosby Independent
School District