

*ANNUAL FINANCIAL REPORT*

of

**EDNA  
INDEPENDENT SCHOOL DISTRICT**

**For the Year Ended  
August 31, 2023**

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
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August 31, 2023

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***INTRODUCTORY SECTION***

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CERTIFICATE OF BOARD

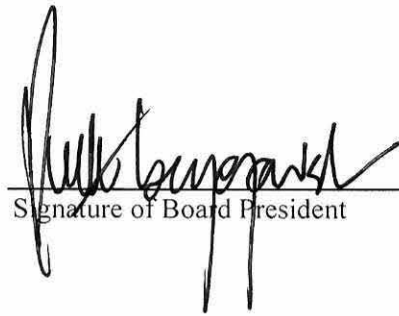
Edna Independent School District  
Name of School District

Jackson  
County

120-901  
Co. Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2023, at a meeting of the Board of Trustees of such school district on the 11 day of December, 2023.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

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

(attach list as necessary)

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***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

To the Board of Trustees of  
Edna 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 Edna Independent School District (the "District"), as of and for the year ended August 31, 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 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 as of August 31, 2023, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

#### **Responsibility 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 the Management's Discussion and Analysis, budgetary comparison schedule, schedules of the District's proportionate share of the net pension and other postemployment benefits liability, and schedules of District contributions, identified as Required Supplementary Information on 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 accompanying combining statements and 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 required parts 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 statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the schedule of required responses to selected school first indicators but does not include the basic financial statements and our auditors' 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 December 7, 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.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
December 7, 2023

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***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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# EDNA

## INDEPENDENT SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended August 31, 2023

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Edna Independent School District (the "District") for the year ending August 31, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2023 was \$28,993,869.
- For the fiscal year ended August 31, 2023, the District's general fund reported a total fund balance of \$8,683,109. \$427,700 is assigned for construction, \$104,160 is assigned for capital expenditures for equipment, and \$8,151,249 is unassigned.
- At the end of the fiscal year, the District's governmental funds (the general fund plus all state and federal grant funds and the debt service fund) reported a combined ending fund balance of \$10,936,512.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – *Management's Discussion and Analysis* (this section), the *Basic Financial Statements*, and *Required Supplementary Information*. The basic financial statements include two kinds of statements that present different views of the District.

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which

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*MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)*  
For the Year Ended August 31, 2023

is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows 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. Other nonfinancial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. 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 – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

*Governmental Activities* – Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operations and maintenance are included in *governmental activities*. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

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

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.
- The Board of Trustees (the "Board") establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.
- Other funds are used to account for assets held by the District in a custodial capacity – these assets do not belong to the District, but the District is responsible to properly account for them.

The District has the following kinds of funds:

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)**  
For the Year Ended August 31, 2023

- *Fiduciary Fund* – The District serves as the trustee, or fiduciary, for certain funds such as student activity funds. The District is responsible for ensuring that the assets reported in this fund is used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its governmental operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District’s combined net position was \$28,993,869 at August 31, 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 August 31, 2023. Within Table 1, the District reported an increase of \$2,545,639 in net position from the prior year. Total assets increased for cash and cash equivalents and investments and property tax receivable due to an operating surplus, additional grants and contributions, and an increase in property tax assessments. Total liabilities increased due to accounts payable and payroll accruals. The increase in long-term liabilities was due to an increase in the net pension liability which was partially offset by a decrease in the net OPEB liability and principal payments on debt. Total deferred outflows of resources increased while total deferred inflows of resources decreased due to the net change in the projected and actual investment earnings from the District’s pension plan.

<b>Table 1</b> <b>Net Position</b>	<b>Description</b>	<b>Governmental</b> <b>Activities</b>		<b>Total</b>
		<b>2023</b>	<b>2022</b>	<b>Change</b> <b>2023-2022</b>
	Current assets	\$ 12,796,644	\$ 11,608,192	\$ 1,188,452
	Capital assets	39,630,919	39,799,043	(168,124)
	<b>Total Assets</b>	<u>52,427,563</u>	<u>51,407,235</u>	<u>1,020,328</u>
	Deferred charge on refunding	550,002	602,505	(52,503)
	Deferred outflows - pensions	2,719,208	1,288,291	1,430,917
	Deferred outflows - OPEB	2,063,892	1,997,356	66,536
	<b>Total Deferred Outflows</b> <b>of Resources</b>	<u>5,333,102</u>	<u>3,888,152</u>	<u>1,444,950</u>
	Current liabilities	1,185,556	1,121,434	64,122
	Long-term liabilities	21,716,276	21,565,020	151,256
	<b>Total Liabilities</b>	<u>22,901,832</u>	<u>22,686,454</u>	<u>215,378</u>
	Deferred inflows - pensions	482,687	2,369,091	(1,886,404)
	Deferred inflows - OPEB	5,382,277	3,791,612	1,590,665
	<b>Total Deferred Inflows</b> <b>of Resources</b>	<u>5,864,964</u>	<u>6,160,703</u>	<u>(295,739)</u>
<b>Net Position</b>				
	Net investment in capital assets	27,649,825	26,504,848	1,144,977
	Restricted	2,365,483	1,598,636	766,847
	Unrestricted	(1,021,439)	(1,655,254)	633,815
	<b>Total Net Position</b>	<u>\$ 28,993,869</u>	<u>\$ 26,448,230</u>	<u>\$ 2,545,639</u>

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**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)*  
For the Year Ended August 31, 2023

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Total Change
	2023	2022	2023-2022
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,447,385	\$ 1,540,003	\$ (92,618)
Operating and capital grants and contributions	8,144,412	4,890,317	3,254,095
General revenues:			
Property taxes	8,162,096	7,374,460	787,636
Grants and contributions not restricted for specific programs	8,517,325	8,474,418	42,907
Investment earnings	484,506	53,443	431,063
Other revenues	273,405	360,860	(87,455)
<b>Total Revenues</b>	<u>27,029,129</u>	<u>22,693,501</u>	<u>4,335,628</u>
<b>Expenses:</b>			
Instruction	13,234,347	11,209,580	2,024,767
Instructional resources and media services	127,271	149,090	(21,819)
Curriculum/instructional staff development	183,431	125,989	57,442
Instructional leadership	462,164	487,446	(25,282)
School leadership	1,442,541	1,243,163	199,378
Guidance, counseling, and evaluation services	674,882	690,999	(16,117)
Health services	225,365	183,868	41,497
Student (pupil) transportation	492,477	512,944	(20,467)
Food services	1,120,963	997,593	123,370
Extracurricular activities	1,387,944	1,078,640	309,304
General administration	923,043	836,128	86,915
Plant maintenance and operations	2,760,516	2,405,840	354,676
Security and monitoring services	160,765	124,572	36,193
Data processing services	95,485	85,855	9,630
Debt service - interest on long-term debt	380,792	413,023	(32,231)
Bond issuance costs	2,550	-	2,550
Payments to fiscal agent/member districts of SSA	631,562	623,064	8,498
Other intergovernmental charges	177,392	180,292	(2,900)
<b>Total Expenses</b>	<u>24,483,490</u>	<u>21,348,086</u>	<u>3,135,404</u>
<b>Change in Net Position</b>	<u>2,545,639</u>	<u>1,345,415</u>	<u>1,200,224</u>
Beginning net position	26,448,230	25,102,815	1,345,415
<b>Ending Net Position</b>	<u>\$ 28,993,869</u>	<u>\$ 26,448,230</u>	<u>\$ 2,545,639</u>

Total revenues increased by \$4,335,628. The District experienced a significant increase in grants and contributions primarily due to federal grants and donations from the Edna Foundation. Property taxes increased due to an increase in appraisal values. Investment earnings increased due to higher interest rates. Total expenses increased by \$3,135,404 mainly due to an increase in personnel costs, professional services, and materials and supplies related to instruction.

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**INDEPENDENT SCHOOL DISTRICT**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)*  
For the Year Ended August 31, 2023

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At the close of the fiscal year ending August 31, 2023, the District's governmental funds reported a combined fund balance of \$10,936,512. This compares to a combined fund balance of \$10,077,881 at August 31, 2022. The combined governmental funds fund balance includes an increase in fund balance for the general fund of \$141,723 during the fiscal year which had an ending fund balance of \$8,683,109. General fund revenues increased compared to the prior year due to an increase in property tax revenues from higher assessed values and an increase in investment earnings from higher interest rates. General fund expenditures increased compared to the prior year due to an increase in personnel costs and professional services. The fund balance in the general fund is approximately 53 percent of the general fund's expenditures for the 2023 fiscal year. The debt service fund had an increase of \$184,786 as a result of revenues in excess of current year debt service expenditures. All of the fund balance in the debt service is restricted for future debt service payments.

**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. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the period ended August 31, 2023, the District amended its budget as required by State law to reflect current levels of revenue and anticipated expenditures. The budget was amended for unanticipated items throughout the year. The general fund's actual revenues exceeded budgeted revenues by \$65,909 mainly due to more local revenues than expected. Budgeted expenditures exceeded actual expenditures by \$523,128 mainly due to the less actual expenditures than budgeted in instruction, student transportation, extracurricular activities, and plant maintenance and operations.

**CAPITAL ASSETS**

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost of an amount determined by the Board. Donated capital assets are recorded at acquisition value at the date of donation. The capital assets also include the right-to-use assets that are associated with leases payable. During the fiscal year ended August 31, 2023, the District used a capitalization threshold of \$5,000, which means that all capital type assets, including library books, with a cost or initial value of less than \$5,000 were not included in the capital assets inventory.

At August 31, 2023, the District had a total of \$39,630,919 invested in capital assets (net of depreciation) such as land, construction in progress, buildings, and District equipment. This total includes \$1,455,766 invested during the fiscal year ended August 31, 2023.

Major capital asset events during the fiscal year included the following:

- Construction in progress for the woodshop \$424,982
- EES outdoor classroom \$169,342
- EHS track \$151,500
- Land \$208,267

More detailed information about the District's capital assets can be found in the notes to the financial statements.

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*MANAGEMENT'S DISCUSSION AND ANALYSIS, (Continued)*  
For the Year Ended August 31, 2023

**LONG-TERM DEBT**

At year end, the District had \$11,651,164 in outstanding bonds, direct borrowings and placements, notes payable, and leases payable versus \$12,930,818 last year.

More detailed information about the District's long-term liabilities can be found in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's budgeted general fund expenditures for the 2023-2024 school year total \$15,344,945, and the District's Board adopted a maintenance and operations tax rate of \$0.6692 and an interest and sinking tax rate of \$0.1475 for a combined rate of \$0.8167 per \$100 of assessed property value.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at 601 N Wells, Edna, Texas 77957 or call 361-782-3573.

***BASIC FINANCIAL STATEMENTS***

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# EDNA INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET POSITION - EXHIBIT A-1

August 31, 2023

<u>Data Control Codes</u>		<u>1 Governmental Activities</u>
	<b><u>Assets</u></b>	
1110	Cash and cash equivalents	\$ 1,701,140
1120	Investments	9,857,273
1225	Property taxes receivable (net)	691,864
1240	Due from other governments	546,367
		12,796,644
	Capital assets:	
1510	Land	409,446
1520	Buildings and improvements, net	37,134,327
1530	Equipment and vehicles, net	1,287,171
1550	Right-to-use-assets, net	71,803
1580	Construction in progress	728,172
		39,630,919
1000	<b>Total Assets</b>	52,427,563
	<b><u>Deferred Outflows of Resources</u></b>	
1701	Deferred charge on refunding	550,002
1705	Deferred outflows - pensions	2,719,208
1706	Deferred outflows - OPEB	2,063,892
1700	<b>Total Deferred Outflows of Resources</b>	5,333,102
	<b><u>Liabilities</u></b>	
2110	Accounts payable	212,377
2140	Interest payable	17,288
2150	Payroll deductions payable	17,692
2160	Wages payable	907,683
2200	Accrued expenses	26,336
2300	Unearned revenue	4,180
		1,185,556
	Noncurrent liabilities:	
2501	Long-term liabilities due within one year	1,170,975
2502	Long-term liabilities due in more than one year	11,507,641
2540	Net pension liability	5,522,238
2545	Net OPEB liability	3,515,422
2000	<b>Total Liabilities</b>	22,901,832
	<b><u>Deferred Inflows of Resources</u></b>	
2605	Deferred inflows - pensions	482,687
2606	Deferred inflows - OPEB	5,382,277
2600	<b>Total Deferred Inflows of Resources</b>	5,864,964
	<b><u>Net Position</u></b>	
3200	Net investment in capital assets	27,649,825
	Restricted for:	
3820	Federal and state programs	434,916
3850	Debt service	1,197,090
3870	Campus activities	71,157
3890	Other purposes	662,320
3900	Unrestricted	(1,021,439)
3000	<b>Total Net Position</b>	\$ 28,993,869

See Notes to Financial Statements.

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES - EXHIBIT B-1**  
**For the Year Ended August 31, 2023**

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	5 Capital Grants and Contributions	6 Primary Gov. Governmental Activities
	<b>Primary Government Governmental Activities</b>					
11	Instruction	\$ 13,234,347	\$ -	\$ 4,043,967	\$ -	\$ (9,190,380)
12	Instructional resources and media services	127,271	-	9,423	-	(117,848)
13	Curriculum/instructional staff development	183,431	-	20,677	-	(162,754)
21	Instructional leadership	462,164	-	93,720	-	(368,444)
23	School leadership	1,442,541	-	439,633	-	(1,002,908)
31	Guidance, counseling, and evaluation services	674,882	-	507,923	-	(166,959)
33	Health services	225,365	-	15,481	-	(209,884)
34	Student (pupil) transportation	492,477	-	44,055	-	(448,422)
35	Food services	1,120,963	86,678	1,019,759	-	(14,526)
36	Extracurricular activities	1,387,944	1,360,707	93,532	-	66,295
41	General administration	923,043	-	110,282	-	(812,761)
51	Plant maintenance and operations	2,760,516	-	532,446	922,552	(1,305,518)
52	Security and monitoring services	160,765	-	17,907	-	(142,858)
53	Data processing services	95,485	-	7,340	-	(88,145)
72	Debt service - interest on long-term debt	380,792	-	77,734	-	(303,058)
73	Debt issuance costs and fees	2,550	-	-	-	(2,550)
93	Payments to fiscal agent/member districts of SSA	631,562	-	187,981	-	(443,581)
99	Other intergovernmental charges	177,392	-	-	-	(177,392)
TG	<b>Total Governmental Activities</b>	<u>\$ 24,483,490</u>	<u>\$ 1,447,385</u>	<u>\$ 7,221,860</u>	<u>\$ 922,552</u>	<u>(14,891,693)</u>
TP	<b>Total Primary Government</b>	<u>\$ 24,483,490</u>	<u>\$ 1,447,385</u>	<u>\$ 7,221,860</u>	<u>\$ 922,552</u>	<u>(14,891,693)</u>
	<b>General Revenues</b>					
MT	Property taxes, levied for general purposes					6,620,146
DT	Property taxes, levied for debt service					1,541,950
GC	Grants and contributions not restricted for specific programs					8,517,325
IE	Investment earnings					484,506
MI	Miscellaneous local and intermediate revenue					273,405
TR						<u>Total General Revenues</u> 17,437,332
CN						<u>Change in Net Position</u> 2,545,639
NB	Beginning net position					26,448,230
NE						<u>Ending Net Position</u> <u>\$ 28,993,869</u>

See Notes to Financial Statements.

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*BALANCE SHEET*  
**GOVERNMENTAL FUNDS - EXHIBIT C-1**

August 31, 2023

Data Control Codes		10	50	ONMF	98
		General	Debt Service	Other Nonmajor Governmental	Total Governmental Funds
<b>Assets:</b>					
1110	Cash and cash equivalents	\$ 194,602	\$ 238,512	\$ 1,268,026	\$ 1,701,140
1120	Investments	9,009,675	847,598	-	9,857,273
1220	Taxes receivable	897,239	203,338	-	1,100,577
1230	Allowance for uncollectible taxes	(334,743)	(73,970)	-	(408,713)
1240	Due from other governments	132,104	3,080	411,183	546,367
1260	Due from other funds	205,254	-	-	205,254
1000	<b>Total Assets</b>	<u>\$ 10,104,131</u>	<u>\$ 1,218,558</u>	<u>\$ 1,679,209</u>	<u>\$ 13,001,898</u>
<b>Liabilities:</b>					
2110	Accounts payable	\$ 103,628	\$ -	\$ 108,749	\$ 212,377
2150	Payroll deductions payable	17,692	-	-	17,692
2160	Accrued wages payable	721,962	-	185,721	907,683
2170	Due to other funds	-	-	205,254	205,254
2200	Accrued expenditures	15,244	-	11,092	26,336
2300	Unearned revenue	-	4,180	-	4,180
2000	<b>Total Liabilities</b>	<u>858,526</u>	<u>4,180</u>	<u>510,816</u>	<u>1,373,522</u>
<b>Deferred Inflows of Resources:</b>					
2600	Unavailable revenue-property taxes	<u>562,496</u>	<u>129,368</u>	<u>-</u>	<u>691,864</u>
<b>Fund Balances:</b>					
Restricted:					
3450	Federal/state grant funds	-	-	434,916	434,916
3480	Debt service	-	1,085,010	-	1,085,010
3490	Other restrictions	-	-	733,477	733,477
Assigned:					
3550	Construction	427,700	-	-	427,700
3570	Capital expenditures for equipment	104,160	-	-	104,160
3600	Unassigned	8,151,249	-	-	8,151,249
3000	<b>Total Fund Balances</b>	<u>8,683,109</u>	<u>1,085,010</u>	<u>1,168,393</u>	<u>10,936,512</u>
4000	<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 10,104,131</u>	<u>\$ 1,218,558</u>	<u>\$ 1,679,209</u>	<u>\$ 13,001,898</u>

See Notes to Financial Statements.

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R**  
**August 31, 2023**

Total fund balances for governmental funds \$ 10,936,512

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.

Capital assets - nondepreciable	1,137,618	
Capital assets - depreciable	38,421,498	
Right-to-use assets - amortizable	71,803	
		39,630,919

Deferred items and some liabilities, including bonds payable, net pension and net other  
post employment benefits (OPEB), are not reported as liabilities or deferred items  
in the governmental funds.

Accrued interest	(17,288)	
Deferred outflows - pensions	2,719,208	
Deferred outflows - OPEB	2,063,892	
Deferred tax revenue	691,864	
Deferred loss on bond refunding	550,002	
Deferred inflows - pensions	(482,687)	
Deferred inflows - OPEB	(5,382,277)	
Noncurrent liabilities due in one year	(1,170,975)	
Net pension liability	(5,522,238)	
Net OPEB liability	(3,515,422)	
Noncurrent liabilities due in more than one year	(11,507,641)	
		(21,573,562)

**Net Position of Governmental Activities** **\$ 28,993,869**

See Notes to Financial Statements.

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS - EXHIBIT C-2**  
For the Year Ended August 31, 2023

Data Control Codes		10	50	ONMF	98
		General	Debt Service	Other Nonmajor Governmental	Total Governmental Funds
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 7,212,607	\$ 1,532,540	\$ 2,317,411	\$ 11,062,558
5800	State program revenues	9,249,870	77,734	1,334,389	10,661,993
5900	Federal program revenues	200,657	-	4,214,819	4,415,476
5020	<b>Total Revenues</b>	<b>16,663,134</b>	<b>1,610,274</b>	<b>7,866,619</b>	<b>26,140,027</b>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	8,096,028	-	4,139,571	12,235,599
0012	Instructional resources and media services	108,218	-	6,654	114,872
0013	Curriculum and staff development	125,550	-	44,757	170,307
0021	Instructional leadership	252,884	-	166,287	419,171
0023	School leadership	991,896	-	318,890	1,310,786
0031	Guidance, counseling, and evaluation services	188,948	-	408,686	597,634
0033	Health services	165,807	-	41,597	207,404
0034	Student (pupil) transportation	446,167	-	8,181	454,348
0035	Food service	95	-	1,106,459	1,106,554
0036	Extracurricular activities	1,135,561	-	153,670	1,289,231
0041	General administration	766,431	-	76,953	843,384
0051	Plant maintenance and operations	2,399,109	-	255,449	2,654,558
0052	Security and monitoring services	144,204	-	7,619	151,823
0053	Data processing services	88,021	-	-	88,021
<b>Debt service:</b>					
0071	Principal	257,802	1,020,000	1,852	1,279,654
0072	Interest	13,332	402,938	62	416,332
0073	Issuance costs and fees	-	2,550	-	2,550
<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	495,385	-	634,829	1,130,214
<b>Intergovernmental:</b>					
0093	Shared services arrangements	443,581	-	187,981	631,562
0099	Other intergovernmental charges	177,392	-	-	177,392
6030	<b>Total Expenditures</b>	<b>16,296,411</b>	<b>1,425,488</b>	<b>7,559,497</b>	<b>25,281,396</b>
1100	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>366,723</b>	<b>184,786</b>	<b>307,122</b>	<b>858,631</b>
<b>Other Financing Sources (Uses)</b>					
7915	Transfers in	-	-	225,000	225,000
8911	Transfers (out)	(225,000)	-	-	(225,000)
7080	<b>Total Other Financing Sources (Uses)</b>	<b>(225,000)</b>	<b>-</b>	<b>225,000</b>	<b>-</b>
1200	<b>Net Change in Fund Balances</b>	<b>141,723</b>	<b>184,786</b>	<b>532,122</b>	<b>858,631</b>
0100	Beginning fund balances	8,541,386	900,224	636,271	10,077,881
3000	<b>Ending Fund Balances</b>	<b>\$ 8,683,109</b>	<b>\$ 1,085,010</b>	<b>\$ 1,168,393</b>	<b>\$ 10,936,512</b>

See Notes to Financial Statements.

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES - EXHIBIT C-3**  
**For the Year Ended August 31, 2023**

Net changes in fund balances - total governmental funds \$ 858,631

Amounts reported for governmental activities in the Statement of Activities are different because:

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 or amortization of right-to-use assets.

Depreciation	(1,568,674)
Amortization of right-to-use assets	(49,996)
Capital and right-to-use assets additions	1,455,766
Net disposals	(5,220)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 263,606

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal repayments	1,279,654
Accrued interest	2,093
Amortization of loss on refunding	(52,503)
Amortization of premiums	85,950

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenue in governmental funds.

Compensated absences	7,040
Change in net pension liability	(3,440,219)
Change in net OPEB liability	1,916,319
Net change in deferred outflows and inflows - pensions	3,317,321
Net change in deferred outflows and inflows - OPEB	(1,524,129)
Net on-behalf contributions adjustment - revenues	630,716
Net on-behalf contributions adjustment - expenses	(630,716)

**Change in Net Position of Governmental Activities** **\$ 2,545,639**

See Notes to Financial Statements.

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF FIDUCIARY NET POSITION*  
*FIDUCIARY FUND - EXHIBIT E-1*  
August 31, 2023

<b>Data Control Codes</b>		<b>Custodial Fund Student Activity</b>
	<b><u>Assets</u></b>	
1110	Cash and cash equivalents	\$ 184,764
1000	<b>Total Assets</b>	<b>184,764</b>
	<b><u>Net Position</u></b>	
3800	Restricted for individuals and organizations	184,764
3000	<b>Total Net Position</b>	<b>\$ 184,764</b>

See Notes to Financial Statements.

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION*  
**FIDUCIARY FUND - EXHIBIT E-2**  
For the Year Ended August 31, 2023

		<b>Custodial Fund</b>
		<b>Student Activity</b>
<b><u>Additions</u></b>		
Student club fees and dues	\$	15,846
Student group fundraising activities		204,635
Concession stand sales		1,025
Donations		20,514
<b>Total Additions</b>		<b>242,020</b>
<b><u>Deductions</u></b>		
Scholarship awards		8,080
Cheerleading		35,807
Athletics		596
Band		26,671
Dance		32,788
Future Farmers of America		71,006
Student body clubs		19,223
Other campus activities		33,342
Administration operation cost		8,999
<b>Total Deductions</b>		<b>236,512</b>
<b>Change in Net Position</b>		<b>5,508</b>
Beginning net position		179,256
<b>Ending Net Position</b>	<b>\$</b>	<b>184,764</b>

See Notes to Financial Statements.

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS*  
For the Year Ended August 31, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Edna Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas (the “State”). It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency’s (TEA) *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State governed by a board elected by the public, and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District’s financial reporting entity. No other entities have been included in the District’s reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

**B. Government-Wide 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. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

**C. Basis of Presentation – Government-Wide Financial Statements**

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. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonable equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the District’s funds, including its fiduciary fund. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS, (Continued)*  
For the Year Ended August 31, 2023

The District reports the following governmental funds:

**General Fund**

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund is always considered a major fund for reporting purposes.

**Debt Service Fund**

The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is not considered a major fund for reporting purposes, but the District has elected to present it as a major fund due to its significance.

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects. The restricted proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund.

**Fiduciary Fund**

The fiduciary fund accounts for assets held by the District in a trustee capacity or as a custodian on behalf of others. The fiduciary fund is not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District has the following type of fiduciary fund:

**Custodial Fund**

The custodial fund reports resources, not in a trust, that are held by the District for other parties outside of the District. The custodial fund is accounted for using the accrual basis of accounting. This fund is used to account for the District's student activity funds.

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 so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental



**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS, (Continued)*  
For the Year Ended August 31, 2023

activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**E. Measurement Focus and Basis of Accounting**

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 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 services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have 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 the revenue source (within 60 days of year end). All other revenue items are considered measurable and available only when cash is received by the District.

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

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

**2. Investments**

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS, (Continued)*  
For the Year Ended August 31, 2023

appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Government investment pools and commercial paper

**3. Capital Assets**

Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Buildings and improvements	20 to 40 years
Vehicles	10 years
Equipment	8 to 20 years

**4. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO FINANCIAL STATEMENTS, (Continued)*  
For the Year Ended August 31, 2023

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- 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.

At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**5. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payment of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

**6. Leases**

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and intangible, right-to-use lease assets (the "lease asset") in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced

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by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

**7. Subscription-Based Information Technology Arrangements**

The District has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The District would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The District’s SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or subscription asset.

**8. Compensated Absences**

The District maintains formal programs for local and state leave days. All employees shall earn three paid local leave days per school year in accordance with administrative regulations. Local leave days shall accumulate without limit. An employee who retires from the District and has at least five years of service with the District shall be reimbursed for up to 15 days of state leave and up to 25 days of state leave if the employee retires from the District with at least ten years of service. An employee who separates from employment with the District shall be eligible for reimbursement for local leave only. An employee who retires from the District and meets the above years of service shall be eligible for local and state leave to a maximum of 60 days, at a rate established by the Board under the conditions approved by the District leave policy.

**9. 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

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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.

**10. Fund Balance Flow Assumptions**

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

**11. Fund Balance Policies**

Fund balances of governmental funds are 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 District's Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 District's 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 only 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.

**12. Estimates**

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

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**13. Data Control Codes**

The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

**14. Pensions**

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

**15. Other Postemployment Benefits**

The fiduciary net position of the TRS Texas Public School Retired Employees Group Insurance Program ("TRS-Care") has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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.

**G. Revenues and Expenditures/Expenses**

**1. 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 (including special assessments) 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.

**2. Property Taxes**

All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year.

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school breakfast and lunch program special revenue fund, and the debt service fund. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of August 31, 2023, the District had the following investments:

Investments	Value	Weighted Average Maturity (Year)
Lone Star Investment Pool	\$ 9,857,273	0.18
Portfolio weighted average maturity		0.18

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s investment policy requires funds on deposit at the depository bank to be collateralized. As of August 31, 2023, checking and time deposits were entirely insured or collateralized with securities as provided by State laws and regulations and FDIC insurance.

*Credit risk.* The District’s policy requires that investment pools must be rated no lower than ‘AAA’ or ‘AAA-m’. Bankers’ acceptances must be issued in the United States and carry a rating of ‘A1’/‘P1’ as provided by two of the top nationally recognized rating agencies. As of August 31, 2023, the District’s investments in Lone Star were rated ‘AAA’ by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency.

*Custodial credit risk – investments.* For an investment, this is the risk that 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 in the event of the failure of the counterparty. The District’s investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

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*Interest rate risk* – In accordance with its investment policy, the District manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

**Lone Star**

The Lone Star Investment Pool (“Lone Star”) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards, with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star’s assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees’ eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both Lone Star members and nonmembers. Lone Star is rated ‘AAA’ by Standard and Poor’s and operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of \$1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight, Corporate Overnight, and Corporate Overnight Plus maintain a net asset value of \$1.00.

**B. Capital Assets**

A summary of changes in capital assets for governmental activities at year end is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 201,179	\$ 208,267	\$ -	\$ 409,446
Construction in progress	240,780	808,234	(320,842)	728,172
Total capital assets not being depreciated/amortized	<u>441,959</u>	<u>1,016,501</u>	<u>(320,842)</u>	<u>1,137,618</u>
Other capital assets:				
Buildings and improvements	52,196,001	579,954	-	52,775,955
Equipment and vehicles	4,875,262	180,153	(88,962)	4,966,453
Right-to-use assets	172,909	-	(2,229)	170,680
Total other capital assets	<u>57,244,172</u>	<u>760,107</u>	<u>(91,191)</u>	<u>57,913,088</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(14,461,028)	(1,180,600)	-	(15,641,628)
Equipment and vehicles	(3,374,950)	(388,074)	83,742	(3,679,282)
Right-to-use assets	(51,110)	(49,996)	2,229	(98,877)
Total accumulated depreciation and amortization	<u>(17,887,088)</u>	<u>(1,618,670)</u>	<u>85,971</u>	<u>(19,419,787)</u>
Other capital assets, net	<u>39,357,084</u>	<u>(858,563)</u>	<u>(5,220)</u>	<u>38,493,301</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 39,799,043</u>	<u>\$ 157,938</u>	<u>\$ (326,062)</u>	<u>39,630,919</u>
			Less associated debt	(12,531,096)
			Plus deferred charge on refunding	550,002
			<b>Net Investment in Capital Assets</b>	<u>\$ 27,649,825</u>



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Depreciation and amortization of right-to-use expense was charged to governmental functions as follows:

		<b>Governmental Activities</b>
11	Instruction	\$ 930,898
12	Instructional resources/media services	10,911
13	Curriculum and staff development	12,451
21	Instructional leadership	32,114
23	School leadership	98,798
31	Guidance, counseling, and evaluation services	44,822
33	Health services	15,163
34	Student (pupil) transportation	33,665
35	Food service	74,901
36	Extracurricular activities	94,173
41	General administration	65,412
51	Plant maintenance and operations	190,693
52	Security and monitoring services	8,234
53	Data processing services	6,435
<b>Total Depreciation and Amortization Expense</b>		<b>\$ 1,618,670</b>

**C. Long-Term Debt**

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service fund to liquidate governmental long-term liabilities.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds payable:					
Series 2014 tax refunding bonds	\$ 4,555,000	\$ -	\$ (440,000)	\$ 4,115,000	\$ 455,000
Series 2015 refunding bonds	1,040,000	-	(100,000)	940,000	100,000
Series 2017 refunding bonds	5,375,000	-	(90,000)	5,285,000	90,000
Direct borrowings and placements:					
Series 2011 QSC bonds	1,560,000	-	(390,000)	1,170,000	390,000
Loan payable:					
2017 LED lighting upgrade	134,423	-	(66,881)	67,542	67,542
Other finance agreements:					
Note payable 2019 Dell equipment	143,064	-	(143,064)	-	-
Leases payable	123,331	-	(49,709)	73,622	38,929
	<u>12,930,818</u>	<u>-</u>	<u>(1,279,654)</u>	<u>11,651,164</u>	<u>* 1,141,471</u>
Other liabilities:					
Unamortized bond premium	965,882	-	(85,950)	879,932	*
Net pension liability	2,082,019	3,440,219	-	5,522,238	-
Net OPEB liability	5,431,741	-	(1,916,319)	3,515,422	-
Compensated absences	154,560	23,872	(30,912)	147,520	29,504
<b>Total Governmental Activities</b>	<b>\$ 21,565,020</b>	<b>\$ 3,464,091</b>	<b>\$ (3,312,835)</b>	<b>\$ 21,716,276</b>	<b>\$ 1,170,975</b>
				<b>\$ 20,545,301</b>	

\*Debt associated with capital assets    \$ 12,531,096

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Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

General long-term debt and current requirements for principal and interest expenditures are accounted for in the general, debt service, and nonmajor governmental funds. The current requirements for the bonds are accounted for in the debt service fund. Current requirements for direct borrowings and placements along with the other finance agreements are accounted for in the general fund. The nonmajor governmental funds account for \$1,914 of the current requirements for the principal and interest expenditures for leases payable with the remaining requirements paid by the general fund.

The interest rates on the long-term debt and interest paid for the year ended August 31, 2023 were as follows:

<u>Description</u>	<u>Interest Rates</u>	<u>2023 Fiscal Year Interest Paid</u>
Series 2011 QSC bonds	N/A	\$ -
Unlimited Tax Refunding Bonds		
Series 2014	2.00 - 3.75%	152,762
Series 2015	3.00 - 4.00%	36,250
Series 2017	3.00 - 4.50%	213,926
Loan - LED lighting upgrade	2.54%	3,273
Note Payable 2019	4.70%	6,866
Leases payable	2.54%	2,552
<b>Total General Obligation</b>		<u>\$ 415,629</u>

The annual requirements to amortize debt issues outstanding for refunding bonds at year end were as follows:

<u>Fiscal Year Ended August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 645,000	\$ 382,813	\$ 1,027,813
2025	675,000	362,013	1,037,013
2026	700,000	339,176	1,039,176
2027	1,035,000	306,432	1,341,432
2028	1,075,000	265,050	1,340,050
2029-2033	4,495,000	713,300	5,208,300
2034-2036	1,715,000	104,700	1,819,700
<b>Totals</b>	<u>\$ 10,340,000</u>	<u>\$ 2,473,484</u>	<u>\$ 12,813,484</u>

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The annual requirements to amortize debt issues outstanding for the direct borrowings/placements at year end were as follows:

**Series 2011 QSC**

Fiscal Year Ended August 31	Principal	Interest	Total Requirements
2024	\$ 390,000	\$ -	\$ 390,000
2025	390,000	-	390,000
2026	390,000	-	390,000
<b>Totals</b>	<b>\$ 1,170,000</b>	<b>\$ -</b>	<b>\$ 1,170,000</b>

**Loans Payable - LED Lighting Upgrade**

Fiscal Year Ended August 31	Principal	Interest	Total Requirements
2024	\$ 67,542	\$ 2,613	\$ 70,155
<b>Totals</b>	<b>\$ 67,542</b>	<b>\$ 2,613</b>	<b>\$ 70,155</b>

**Leases Payable**

During the current fiscal year, the District was a lessee for the acquisition and use of copiers which is recorded with capital assets. An initial lease liability and use of assets for copiers were recorded in the amount of \$172,909 during the prior fiscal year. As of August 31, 2023, the value of the copier lease liabilities was \$73,622. The District made annual principal and interest payments on the leases of approximately \$53,395. The interest rates on the copier leases are based on the District's estimated incremental borrowing rate of 2.54 percent. The copiers are amortized based on the term of the lease agreement which is from 4 months to 45 months. The value of the right-to-use assets for copiers as of the end of the current fiscal year was \$170,680 and had accumulated amortization of \$98,877.

The future principal and interest lease payments as of August 31, 2023 were as follows:

Fiscal Year Ended August 31	Principal	Interest	Total Requirements
2024	\$ 38,929	\$ 1,346	\$ 40,275
2025	20,759	641	21,400
2026	13,934	144	14,078
<b>Totals</b>	<b>\$ 73,622</b>	<b>\$ 2,131</b>	<b>\$ 75,753</b>

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**D. Interfund Transactions**

The transfers at August 31, 2023 were as follows:

<b>Transfers From</b>	<b>Transfers To</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Fund	\$ 225,000

The general fund transferred funds to a nonmajor governmental fund to supplement capital outlay projects.

The interfund balances at August 31, 2023 were as follows:

	<b>Due To Fund</b>	<b>Due From Fund</b>
Fund 199 - General fund	\$ 205,254	\$ -
Fund 211 - Title I	-	24,707
Fund 255 - Title II, Pt A	-	12,263
Fund 270 - Title VI	-	8,364
Fund 280 - ARP Homeless II	-	395
Fund 282 - ESSER III	-	410
Fund 289 - LEP	-	11,922
Fund 410 - Textbook	-	103,211
Fund 429 - Misc. St. Programs	-	43,982
<b>Total</b>	<b>\$ 205,254</b>	<b>\$ 205,254</b>

Amounts recorded as due to/from are considered to be temporary loans and will generally be paid during the following year.

**IV. OTHER INFORMATION**

**A. Risk Management**

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 for which the District purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement

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trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end due to immaterial balance.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. The District has engaged an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

**C. Defined Benefit Pension Plan**

**Teacher Retirement System**

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 TRS. TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position

Detailed information about TRS'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/aboutpublications.aspx>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in the State. The pension formula is calculated using 2.3% (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

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member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes; including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment 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 TRS’s actuary.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. 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 through 2025.

<b>Contribution Rates</b>			
<b>Fiscal Year</b>	<b>State</b>	<b>Public Education Employer</b>	<b>Active Employee</b>
2022	7.75%	1.70%	8.00%
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

	<b>Contribution Rates</b>	
	<b>2022</b>	<b>2023</b>
Member	8.00%	8.00%
NECE (State)	7.75%	8.00%
Employer	7.75%	7.50%

	<b>Measurement Year (2022)</b>	<b>Fiscal Year (2023)</b>
Employer contribution	\$ 434,049	\$ 506,515
Member contribution	\$ 850,311	\$ 906,430
NECE on-behalf contribution	\$ 564,396	\$ 608,547

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

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As the NECE for public education and junior colleges, the State contributes to TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of TRS during that fiscal year reduced by the amounts described below, which are paid by the employers. Employers (public schools, junior colleges, other entities, or the State 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, or from noneducational and general or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to TRS 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 are two additional surcharges to which an employer is subject:

- 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 2.0% in fiscal year 2025.
- When employing a retiree of TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability (TPL) in the August 31, 2021 actuarial valuation, rolled forward to a measurement date of August 31, 2022 was determined using the following actuarial assumptions:

Valuation date	August 31, 2021, rolled forward to August 31, 2022
Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal bond rate as of August 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"
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%, including inflation
Benefit changes during the year	None
Ad hoc postemployment benefit changes	None

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

Discount Rate

A single discount rate of 7.00% was used to measure the TPL. 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 NECE will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the TRS'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 TRS investments was applied to all periods of projected benefit payments to determine the TPL.

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



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

**Teacher Retirement System of Texas**  
**Asset Allocation and Long-Term Expected Real Rate of Return**  
As of August 31, 2022

Asset Class	Target Allocation (1)	Long-Term Expected Geometric Real Rate of Return (2)	Expected Contributions to Long-Term Portfolio Returns
<b>Global Equity</b>			
U.S.	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
<b>Stable Value</b>			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return	-	3.70%	-
Stable Value Hedge Funds	5.00%	3.40%	0.18%
<b>Real Return</b>			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources, and Infrastructure	6.00%	5.10%	0.37%
Commodities	-	3.60%	-
<b>Risk Parity</b>			
Risk Parity	8.00%	4.60%	0.43%
<b>Leverage</b>			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
<b>Inflation Expectation</b>			2.70%
<b>Volatility Drag(3)</b>			-0.91%
<b>Total</b>	<b>100.00%</b>	<b>54.70%</b>	<b>8.21%</b>

\*Absolute Return includes Credit Sensitive Investments

(1) Target allocations are based on the FY2022 policy model.

(2) Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022).

(3) The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 6.00%	Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
District's proportionate share of the net pension liability	\$ 8,590,509	\$ 5,522,238	\$ 3,035,261

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

At August 31, 2023, the District reported a liability of \$5,522,238 for its proportionate share of the TRS's NPL. 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 NPL, the related State support, and the total portion of the NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	5,522,238
State's proportionate share that is associated with the District		7,180,587
<b>Total</b>	<b>\$</b>	<b>12,702,825</b>

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

At August 31, 2023, the District's proportion of the collective net pension liability was 0.0093018%, which was an increase of 0.0011263% from its proportion measured as of August 31, 2022.

Changes Since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's NPL. 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%.

For the year ended August 31, 2023, the District recognized pension expense of \$716,433 and revenue of \$686,383 for support provided by the State.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual economic experience	\$ 80,072	\$ (120,395)
Changes in actuarial assumptions	1,028,973	(256,449)
Difference between projected and actual investment earnings	545,579	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	558,069	(105,843)
Contributions paid to TRS subsequent to the measurement date	506,515	-
<b>Total</b>	<b>\$ 2,719,208</b>	<b>\$ (482,687)</b>

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

<b>Fiscal Year Ended August 31</b>	<b>Pension Expense</b>
2024	\$ 431,062
2025	272,182
2026	137,521
2027	736,023
2028	153,218
Thereafter	-
<b>Total</b>	<b>\$ 1,730,006</b>

**D. Defined Other Postemployment Benefits Plan**

Plan Description

The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined OPEB plan with a special funding situation. TRS-Care was established in 1986 by the Texas Legislature.

The TRS Board of Trustees (the “Board”) administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board 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

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

Components of the net OPEB liability of TRS-Care as of August 31, 2022 are as follows:

Total OPEB liability		\$ 27,061,942,520
Less: plan fiduciary net position		(3,117,937,218)
	<b>Net OPEB Liability</b>	<b>\$ 23,944,005,302</b>
Net position as a percentage of total OPEB liability		11.52%

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Benefits Provided

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

	<b>Medicare</b>	<b>Non-Medicare</b>
Retiree*	\$ 135	\$ 200
Retiree and spouse	\$ 529	\$ 689
Retiree* and children	\$ 468	\$ 408
Retiree and family	\$ 1,020	\$ 999

*\*or surviving spouse*

Contributions

Contribution rates for TRS-Care are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care 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 does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the GAA.

The following table shows contributions to TRS-Care by type of contributor:

	<b>Contribution Rates</b>	
	<b>Fiscal Year</b>	
	<b>2022</b>	<b>2023</b>
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

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	Measurement Year (2022)	Fiscal Year (2023)
Employer contributions	\$ 120,588	\$ 125,889
Member contributions	\$ 38,661	\$ 36,824
NECE on-behalf contributions	\$ 147,098	\$ 141,630

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

TRS-Care received supplemental appropriations from the State as the NECE in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act to help defray COVID-19-related health care costs during fiscal year 2022.

Actuarial Assumptions

The total OPEB liability in the August 31, 2021 actuarial valuation was rolled forward to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the TRS 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:

- |                         |                        |
|-------------------------|------------------------|
| 1. Rates of Mortality   | 4. Rates of Disability |
| 2. Rates of Retirement  | 5. General Inflation   |
| 3. Rates of Termination | 6. Wage Inflation      |

The active mortality rates were based on 90% 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.

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Additional actuarial methods and assumptions are as follows:

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 healthcare benefits are included in the age-adjusted claims costs.
Projected salary increases	3.05% to 9.05%, including inflation
Healthcare trend rates	Medical trend rates: 8.25% (Medicare retirees) and 7.25% (non-Medicare retirees) Prescription drug trend rate: 8.25%
Election rates	Normal retirement: 62% participation prior to age 65 and 25% participation after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc postemployment benefit changes	None

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 TRS-Care 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 NECE are made at the statutorily required rates. Based on those assumptions, TRS-Care’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.

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage lower than and 1 percentage point higher than the discount rate that was used (3.91%) in measuring the net OPEB liability:

	<b>1% Decrease in Discount Rate (2.91%)</b>	<b>Current Single Discount Rate (3.91%)</b>	<b>1% Increase in Discount Rate (4.91%)</b>
District's proportionate share of net OPEB liability	\$ 4,144,961	\$ 3,515,422	\$ 3,005,414

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Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than or 1% higher than the assumed healthcare cost trend rate:

	<b>1% Decrease in Healthcare Cost Trend Rate</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase in Healthcare Cost Trend Rate</b>
District's proportionate share of net OPEB liability	\$ 2,896,724	\$ 3,515,422	\$ 4,317,485

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

At August 31, 2023, the District reported a liability of \$3,515,422 for its proportionate share of TRS-Care's net OPEB liability. This liability reflects a reduction for state OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$	3,515,422
State's proportionate share that is associated with the District		4,288,263
<b>Total</b>	<b>\$</b>	<b>7,803,685</b>

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 TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2021 through August 31, 2022.

At August 31, 2023, the District's proportion of the collective net OPEB liability was 0.0146818%, an increase of 0.0006006% compared to August 31, 2022.

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 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.

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

The amount of OPEB expense recognized by the District in the reporting period was \$266,302 and revenue of \$608,539 for support provided by the State.

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At August 31, 2023, the District reported its proportionate share of TRS-Care’s deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 195,445	\$ (2,928,662)
Changes in actuarial assumptions	535,468	(2,442,306)
Differences between projected and actual investment earnings	10,471	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,196,619	(11,309)
Contributions paid to TRS subsequent to the measurement date	125,889	-
<b>Total</b>	<b>\$ 2,063,892</b>	<b>\$ (5,382,277)</b>

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

<b>Fiscal Year Ended August 31</b>	<b>OPEB Expense</b>
2024	\$ (666,781)
2025	(666,746)
2026	(517,667)
2027	(315,841)
2028	(435,621)
Thereafter	(841,618)
	<b>\$ (3,444,274)</b>

Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for 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 August 31, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on behalf of the District were \$60,339, \$45,700, and \$44,943, respectively.

**E. Employee Health Care Coverage**

During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the “Plan”). The District paid premiums of \$417 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District



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and the insurer is renewable September 1, 2023 and terms of coverage and premiums costs are included in the contractual provisions.

**F. Workers' Compensation Insurance**

During the year ended August 31, 2023, employees of the District were covered by a workers' compensation plan (the "Plan"). The Plan is a workers' compensation modified self-insurance, member owned and governed program pursuant to Texas Labor Code Chapter 504 and Texas Government Code Chapter 791.

The Plan is administered by a third party, Edwards Risk Management, acting on behalf of the plan. Members make a fixed benefit cost contribution plus 10% of the maximum loss fund that may be used for payment of benefits and the administration of claims. As the initial contribution is depleted, additional contributions of 10% of the maximum loss fund are made as needed not to exceed the member maximum loss fund. The District's loss fund maximum for fiscal year 2023 was \$160,615. Claims in excess of the self-insurance retention from any one employee or occurrence shall be paid by excess insurance up to the statutory limits. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**G. Unemployment Compensation**

During the year ended August 31, 2023, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

**H. Shared Services Arrangements**

The District is the fiscal agent for a shared services arrangement (SSA) which provides special education services using state and local funds to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide.

Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Edna ISD	\$ 462,136
Industrial ISD	319,121
Ganado ISD	227,764
Louise ISD	123,689
<b>Total</b>	<u>\$ 1,132,710</u>

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The District is the fiscal agent for an SSA which provides special education services using federal funds to the member districts listed below. All services are provided by the fiscal agent. The State passes the funds to the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in a special revenue fund and will be accounted for using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Formula</u>	<u>Preschool</u>	<u>Residential</u>
Edna ISD	\$ 295,133	\$ 13,327	\$ 11,974
Industrial ISD	184,035	5,216	17,318
Ganado ISD	124,029	1,776	-
Louise ISD	86,748	3,196	-
<b>Total</b>	<u>\$ 689,945</u>	<u>\$ 23,515</u>	<u>\$ 29,292</u>

**I. Tax Abatements**

The District has entered into a property tax abatement agreement (the “Agreement”) with DCP Midstream Eagle Plant (the “Company”) for a limitation on appraised value of property for school district maintenance and operations (M&O) taxes pursuant to Chapter 313 of the Texas Tax Code, the Texas Economic Development Act (the “Act”) as of February 20, 2012. The final termination date of the Agreement is December 31, 2025.

Under the Act, a taxpayer agrees to build or install property and create jobs in exchange for an eight-year limitation on the taxable property value for school district M&O tax. The District has granted the Company a tax limitation of \$10 million for the period beginning January 1, 2015 through December 31, 2022. The qualified investment consists of an estimated \$100 million to construct a new gas processing facility in Jackson County.

The Company is entitled to the tax limitation amount for tax years 2015 through 2022. The limitation on the local ad valorem property values for M&O purposes shall commence with the property valuations made as of January 1, 2015, the appraisal date for the third full tax year following the commencement date. For the first two full tax years that begin after the commencement date (i.e., the 2013 and 2014 tax years), which along with the period from the date of approval until January 1, 2013, are collectively referred to herein as the “qualifying time period”, as that term is defined in Texas Tax Code 313.026, the Company shall not be entitled to a tax limitation. Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2022.

The estimated potential tax benefit to the Company resulting from the value limitation totals \$12,876,712 over a 15-year period. In addition, the Company is eligible for a tax credit on taxes paid on values in excess of the value limitation in each of the first two years. The cumulative tax credits are projected to be approximately \$1,047,206. The District is to be reimbursed by the State for tax credit payments. Over the same 15-year period, the District is projecting a net gain from the Agreement totaling \$761,037.

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(A)	(B)	(C)	(D)	(E)	(F)	(G)
<b>Project Value 2023</b>	<b>Project's Value Limitation Amount 2023</b>	<b>Amount of Applicant's M&amp;O Taxes Paid 2023</b>	<b>Amount of Applicant's M&amp;O Taxes Reduced 2023</b>	<b>Company Revenue Loss Payment To the District 2023</b>	<b>Company Payment To the District 2023</b>	<b>Net Benefit (Loss) to the District 2023 (C+E+F)</b>
\$33,579,500	\$10,000,000	\$126,661	\$74,849	\$5,918	\$139,412	\$271,991

The District has entered into a second property tax abatement agreement (the “Agreement”) with Old Hickory Solar, LLC (the “Company”) for a limitation on appraised value of property for school district maintenance and operations (M&O) taxes pursuant to Chapter 313 of the Texas Tax Code, the Texas Economic Development Act (the “Act”) as of June 15, 2020. The final termination date of the Agreement is December 31, 2037.

Under the Act, a taxpayer agrees to build or install property and create jobs in exchange for a ten-year limitation on the taxable property value for school district M&O tax. The District has granted the Company a tax limitation of \$25 million for the period beginning January 1, 2023 through December 31, 2032. The qualified investment consists of an estimated \$175 million to construct a solar powered electric generating facility in Jackson County.

The Company is entitled to the tax limitation amount for tax years 2023 through 2032. The limitation on the local ad valorem property values for M&O purposes shall commence with the property valuations made as of January 1, 2022, the appraisal date for the second full tax year following the commencement date. For the first two full tax years that begin after the commencement date (i.e., the 2021 and 2022 tax years), which along with the period from the date of approval until January 1, 2022, are collectively referred to herein as the “qualifying time period”, as that term is defined in Texas Tax Code 313.026, the Company shall not be entitled to a tax limitation. Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2032.

The estimated potential tax benefit to the Company resulting from the value limitation totals \$3,993,588 over a 15-year period. Over the same 15-year period, the District is projecting a net gain from the Agreement totaling \$95,913.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND - EXHIBIT G-1**  
For the Year Ended August 31, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		Positive (Negative)
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 6,358,459	\$ 7,160,124	\$ 7,212,607	\$ 52,483
5800	State program revenues	8,806,486	9,233,101	9,249,870	16,769
5900	Federal program revenues	180,000	204,000	200,657	(3,343)
5020	<b>Total Revenues</b>	<u>15,344,945</u>	<u>16,597,225</u>	<u>16,663,134</u>	<u>65,909</u>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	7,838,902	8,151,496	8,096,028	55,468
0012	Instructional resources/media services	152,139	120,139	108,218	11,921
0013	Curriculum and staff development	135,548	135,548	125,550	9,998
0021	Instructional leadership	258,114	259,114	252,884	6,230
0023	School leadership	934,867	994,317	991,896	2,421
0031	Guidance, counseling, and				
0031	evaluation services	208,933	194,433	188,948	5,485
0033	Health services	167,743	167,743	165,807	1,936
0034	Student (pupil) transportation	661,378	621,178	446,167	175,011
0035	Food service	6,900	6,900	95	6,805
0036	Extracurricular activities	904,434	1,217,786	1,135,561	82,225
0041	General administration	751,465	776,641	766,431	10,210
0051	Plant maintenance and operations	2,141,011	2,524,593	2,399,109	125,484
0052	Security and monitoring services	151,300	159,800	144,204	15,596
0053	Data processing services	85,719	88,719	88,021	698
0061	Community services	2,800	2,800	-	2,800
<b>Debt service:</b>					
0071	Principal	197,802	257,802	257,802	-
0072	Interest	22,309	22,309	13,332	8,977
<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	85,000	495,630	495,385	245
<b>Intergovernmental:</b>					
0093	Shared services arrangements	443,581	443,591	443,581	10
0099	Other intergovernmental charges	195,000	179,000	177,392	1,608
6030	<b>Total Expenditures</b>	<u>15,344,945</u>	<u>16,819,539</u>	<u>16,296,411</u>	<u>523,128</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
1100		<u>-</u>	<u>(222,314)</u>	<u>366,723</u>	<u>589,037</u>
<b>Other Financing Sources (Uses)</b>					
8911	Transfers (out)	-	(652,700)	(225,000)	427,700
7080	<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>(652,700)</u>	<u>(225,000)</u>	<u>427,700</u>
1200	<b>Net Change in Fund Balance</b>	<u>-</u>	<u>(875,014)</u>	<u>141,723</u>	<u>1,016,737</u>
0100	Beginning fund balance	8,541,386	8,541,386	8,541,386	-
3000	<b>Ending Fund Balance</b>	<u>\$ 8,541,386</u>	<u>\$ 7,666,372</u>	<u>\$ 8,683,109</u>	<u>\$ 1,016,737</u>

**Notes to Required Supplementary Information:**

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE*  
*OF THE NET PENSION LIABILITY*  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)- EXHIBIT G-2**  
For the Year Ended August 31, 2023

	Measurement Year*			
	2022	2021	2020	2019
District's proportion of the net pension liability (asset)	0.0093018%	0.0081755%	0.0077965%	0.0080884%
District's proportionate share of the net pension liability (asset)	\$ 5,522,238	\$ 2,082,019	\$ 4,175,663	\$ 4,202,513
State's proportionate share of the net pension liability (asset) associated with the District	7,180,587	3,555,750	7,834,946	7,030,752
<b>Total</b>	<b>\$ 12,702,825</b>	<b>\$ 5,637,769</b>	<b>\$ 12,010,609</b>	<b>\$ 11,233,265</b>
District's covered payroll**	\$ 10,628,889	\$ 10,183,817	\$ 10,169,649	\$ 9,327,770
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.95%	20.44%	41.06%	45.05%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%

\*Only nine years' worth of information is currently available.

\*\*As of the measurement date

**Notes to Required Supplementary Information:**

1. *Changes in Assumptions:* The discount rate changed from 7.25% as of August 31, 2021 to 7.00% as of August 31, 2022.

2. *Changes in Benefits:* There were no changes of benefit terms that affected measurement of the TPL during the measurement period.



<b>Measurement Year*</b>				
<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.0082675%	0.0078912%	0.0082601%	0.0088022%	0.0044939%
\$ 4,550,630	\$ 2,523,186	\$ 3,121,377	\$ 3,111,461	\$ 1,200,382
<u>8,044,667</u>	<u>4,770,460</u>	<u>5,727,712</u>	<u>5,376,004</u>	<u>4,481,720</u>
<u>\$ 12,595,297</u>	<u>\$ 7,293,646</u>	<u>\$ 8,849,089</u>	<u>\$ 8,487,465</u>	<u>\$ 5,682,102</u>
\$ 9,468,960	\$ 9,140,879	\$ 9,035,394	\$ 8,697,318	\$ 7,687,454
48.06%	26.65%	34.55%	35.77%	15.61%
73.74%	82.17%	78.00%	78.43%	83.25%

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF DISTRICT CONTRIBUTIONS*  
**TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3**  
**For the Year Ended August 31, 2023**

	Fiscal Year			
	2023	2022	2021	2020
Contractually required contribution	\$ 506,515	\$ 347,029	\$ 347,585	\$ 333,731
Contributions in relation to the contractually required contribution	<u>506,515</u>	<u>347,029</u>	<u>347,585</u>	<u>333,731</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,330,372	\$ 10,628,889	\$ 10,183,817	\$ 10,169,649
Contributions as a percentage of covered payroll	4.47%	3.26%	3.41%	3.28%

**Fiscal Year**

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 277,826	\$ 269,681	\$ 258,133	\$ 263,859	\$ 143,176	\$ 115,373
<u>277,826</u>	<u>269,681</u>	<u>258,133</u>	<u>263,859</u>	<u>143,176</u>	<u>115,373</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,327,770	\$ 9,468,960	\$ 9,140,879	\$ 9,035,394	\$ 8,697,318	\$ 7,687,454
2.98%	2.85%	2.82%	2.92%	1.65%	1.50%

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY*  
**TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES**  
**GROUP INSURANCE PROGRAM ("TRS-CARE") - EXHIBIT G-4**  
For the Year Ended August 31, 2023

	Measurement Year*			
	2022	2021	2020	2019
District's proportion of the collective net OPEB liability (asset)	0.0146818%	0.0140812%	0.0134749%	0.0126508%
District's proportionate share of the collective net OPEB liability (asset) associated with the District	\$ 3,515,422	\$ 5,431,741	\$ 5,122,435	\$ 5,982,740
State's proportionate share of the collective net OPEB liability (asset)	<u>4,288,263</u>	<u>7,277,322</u>	<u>6,883,325</u>	<u>7,949,724</u>
<b>Total</b>	<u>\$ 7,803,685</u>	<u>\$ 12,709,063</u>	<u>\$ 12,005,760</u>	<u>\$ 13,932,464</u>
District's covered payroll**	\$ 10,628,889	\$ 10,183,817	\$ 10,169,649	\$ 9,327,770
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	33.07%	53.34%	50.37%	64.14%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%

\* Only six years' worth of information is currently available.

\*\* As of measurement date

**Notes to Required Supplementary Information:**

1. *Changes in Assumptions:* There was a change in assumptions that affected measurement of the total OPEB liability since the prior measurement period.

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

2. *Changes in Benefits:* There were no changes in benefit terms since the prior measurement period.

<b>Measurement Year*</b>	
<b>2018</b>	<b>2017</b>
0.0126834%	0.0118121%
\$ 6,332,914	\$ 5,136,619
<u>8,079,898</u>	<u>7,172,692</u>
<u>\$ 14,412,812</u>	<u>\$ 12,309,311</u>
\$ 9,468,960	\$ 9,140,879
66.88%	56.19%
1.57%	0.91%

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF CONTRIBUTIONS*  
*TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES*  
**GROUP INSURANCE PROGRAM ("TRS-CARE") - EXHIBIT G-5**  
For the Year Ended August 31, 2023

	<b>Fiscal Year*</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Statutorily required contributions	\$ 125,889	\$ 120,588	\$ 110,037	\$ 103,087
Contributions in relation to the statutorily required contributions	125,889	120,588	110,037	103,087
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,330,372	\$ 10,628,889	\$ 10,183,817	\$ 10,169,649
Contributions as a percentage of covered payroll	1.11%	1.13%	1.08%	1.01%

\* Only seven years' worth of information is currently available.

<b>Fiscal Year *</b>		
<b>2019</b>	<b>2018</b>	<b>2017</b>
\$ 81,259	\$ 81,114	\$ 61,411
<u>81,259</u>	<u>81,114</u>	<u>61,411</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,327,770	\$ 9,468,960	\$ 9,140,879
0.87%	0.86%	0.67%

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***OTHER SUPPLEMENTARY  
INFORMATION***

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING BALANCE SHEET*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 1 of 3)**  
**August 31, 2023**

<b>Data Control Codes</b>		<b>211 ESEA Title I Improving Basic Programs</b>	<b>224 IDEA-B Formula</b>	<b>240 National School Breakfast/ Lunch</b>	<b>244 Career &amp; Technical - Basic Grant</b>
	<b><u>Assets</u></b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ 433,821	\$ -
1240	Due from other governments	70,600	7,194	85,148	-
1000	<b>Total Assets</b>	<b>\$ 70,600</b>	<b>\$ 7,194</b>	<b>\$ 518,969</b>	<b>\$ -</b>
	<b><u>Liabilities</u></b>				
2110	Accounts payable	\$ -	\$ -	\$ 84,175	\$ -
2160	Accrued wages payable	41,522	6,441	-	-
2170	Due to other funds	24,707	-	-	-
2200	Accrued expenditures	4,371	753	-	-
2000	<b>Total Liabilities</b>	<b>70,600</b>	<b>7,194</b>	<b>84,175</b>	<b>-</b>
	<b><u>Fund Balances</u></b>				
	Restricted:				
3450	Federal/state grant funds	-	-	434,794	-
3490	Other restrictions	-	-	-	-
3000	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>434,794</b>	<b>-</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 70,600</b>	<b>\$ 7,194</b>	<b>\$ 518,969</b>	<b>\$ -</b>

<b>255</b>	<b>263</b>	<b>270</b>	<b>279</b>	<b>280</b>	<b>281</b>
<b>Teacher &amp; Principal Training</b>	<b>English Language Acquisition &amp; Enhancement</b>	<b>ESEA Title VI Part B Subpart 2 - Rural</b>	<b>Texas COVID Learning Acceleration ESSER III</b>	<b>American Rescue Program Homeless II</b>	<b>ESSER II</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,263	-	8,364	-	1,534	-
<u>\$ 12,263</u>	<u>\$ -</u>	<u>\$ 8,364</u>	<u>\$ -</u>	<u>\$ 1,534</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,114	-
12,263	-	8,364	-	395	-
-	-	-	-	25	-
<u>12,263</u>	<u>-</u>	<u>8,364</u>	<u>-</u>	<u>1,534</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 12,263</u>	<u>\$ -</u>	<u>\$ 8,364</u>	<u>\$ -</u>	<u>\$ 1,534</u>	<u>\$ -</u>

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING BALANCE SHEET*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 2 of 3)**  
**August 31, 2023**

<b>Data Control Codes</b>	<b>282</b>	<b>289</b>	<b>313</b>	<b>314</b>
	<b>ESSER III</b>	<b>Misc. Federal Programs</b>	<b>IDEA-B Formula</b>	<b>IDEA-B Preschool</b>
<b><u>Assets</u></b>				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1240	Due from other governments	5,490	11,922	48,775
1000	<b>Total Assets</b>	<b>\$ 5,490</b>	<b>\$ 11,922</b>	<b>\$ 48,775</b>
<b><u>Liabilities</u></b>				
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	4,910	-	44,835
2170	Due to other funds	410	11,922	-
2200	Accrued expenditures	170	-	3,940
2000	<b>Total Liabilities</b>	<b>5,490</b>	<b>11,922</b>	<b>48,775</b>
<b><u>Fund Balances</u></b>				
Restricted:				
3450	Federal/state grant fund	-	-	-
3490	Other restrictions	-	-	-
3000	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,490</b>	<b>\$ 11,922</b>	<b>\$ 48,775</b>

315	364	365	385	397	410
IDEA-B Residential	IDEA-B American Rescue Program	IDEA-B Preschool ARP	Supplementary Visually Impaired	Advanced Placement Incentives	Instructional Materials Allotment
\$ -	\$ -	\$ -	\$ -	\$ 122	\$ -
-	-	-	-	-	103,211
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ 103,211</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	103,211
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,211</u>
-	-	-	-	122	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ 103,211</u>

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING BALANCE SHEET*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1 (Page 3 of 3)**  
**August 31, 2023**

<b>Data Control Codes</b>		<b>429</b>	<b>437</b>	<b>461</b>	<b>493</b>
		<b>Misc. State Programs</b>	<b>Student Success Initiative</b>	<b>Campus Activity</b>	<b>Region III Training Stipend</b>
	<b><u>Assets</u></b>				
1110	Cash and cash equivalents	\$ -	\$ 76,243	\$ 71,157	\$ -
1240	Due from other governments	53,610	-	-	-
1000	<b>Total Assets</b>	<b>\$ 53,610</b>	<b>\$ 76,243</b>	<b>\$ 71,157</b>	<b>\$ -</b>
	<b><u>Liabilities</u></b>				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued wages payable	9,628	74,520	-	-
2170	Due to other funds	43,982	-	-	-
2200	Accrued expenditures	-	1,512	-	-
2000	<b>Total Liabilities</b>	<b>53,610</b>	<b>76,032</b>	<b>-</b>	<b>-</b>
	<b><u>Fund Balances</u></b>				
	Restricted:				
3450	Federal/state grant fund	-	-	-	-
3490	Other restrictions	-	211	71,157	-
3000	<b>Total Fund Balances</b>	<b>-</b>	<b>211</b>	<b>71,157</b>	<b>-</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 53,610</b>	<b>\$ 76,243</b>	<b>\$ 71,157</b>	<b>\$ -</b>

494	495	496	Total
Edna Education Foundation Donations	District UIL 28AAA	Building Bridge Discretionary	Nonmajor Governmental Funds
\$ 682,639	\$ -	\$ 4,044	\$ 1,268,026
-	-	-	411,183
<u>\$ 682,639</u>	<u>\$ -</u>	<u>\$ 4,044</u>	<u>\$ 1,679,209</u>
\$ 24,574	\$ -	\$ -	\$ 108,749
-	-	-	185,721
-	-	-	205,254
-	-	-	11,092
<u>24,574</u>	<u>-</u>	<u>-</u>	<u>510,816</u>
-	-	-	434,916
658,065	-	4,044	733,477
<u>658,065</u>	<u>-</u>	<u>4,044</u>	<u>1,168,393</u>
<u>\$ 682,639</u>	<u>\$ -</u>	<u>\$ 4,044</u>	<u>\$ 1,679,209</u>

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,*  
*AND CHANGES IN FUND BALANCES*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 1 of 3)**  
**For the Year Ended August 31, 2023**

Data Control Codes		211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/ Lunch	244 Career & Technical - Basic Grant
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ 86,678	\$ -
5800	State program revenues	-	-	9,432	-
5900	Federal program revenues	528,069	86,258	1,010,321	22,493
5020	<b>Total Revenues</b>	<u>528,069</u>	<u>86,258</u>	<u>1,106,431</u>	<u>22,493</u>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	528,069	86,258	-	22,493
0012	Instructional resources/media services	-	-	-	-
0013	Curriculum and staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	1,106,459	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	35,417	-
0052	Security and monitoring services	-	-	-	-
<b>Debt service:</b>					
0071	Principal	-	-	-	-
0072	Interest	-	-	-	-
<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	-	-	-	-
<b>Intergovernmental:</b>					
0093	Shared services arrangements	-	-	-	-
6030	<b>Total Expenditures</b>	<u>528,069</u>	<u>86,258</u>	<u>1,141,876</u>	<u>22,493</u>
<b>Excess (Deficiency) of Revenues</b>					
1100	<b>Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>(35,445)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
7915	Transfers in	-	-	-	-
7080	<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	<b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	<u>(35,445)</u>	<u>-</u>
0100	Beginning fund balances	-	-	470,239	-
3000	<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,794</u>	<u>\$ -</u>





**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,*  
*AND CHANGES IN FUND BALANCES*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 2 of 3)**  
**For the Year Ended August 31, 2023**

<b>Data Control Codes</b>	<b>282</b>	<b>289</b>	<b>313</b>	<b>314</b>
<b>ESSER III</b>	<b>Misc. Federal Programs</b>	<b>IDEA-B Formula</b>	<b>IDEA-B Preschool</b>	
<b>Revenues</b>				
5700 Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800 State program revenues	-	-	-	-
5900 Federal program revenues	1,141,581	73,995	860,608	23,515
5020 <b>Total Revenues</b>	<u>1,141,581</u>	<u>73,995</u>	<u>860,608</u>	<u>23,515</u>
<b>Expenditures</b>				
<b>Current:</b>				
0011 Instruction	1,141,581	31,495	245,365	23,515
0012 Instructional resources/media services	-	-	-	-
0013 Curriculum and staff development	-	-	555	-
0021 Instructional leadership	-	-	38,658	-
0023 School leadership	-	-	-	-
0031 Guidance, counseling, and evaluation services	-	-	405,246	-
0033 Health services	-	-	121	-
0034 Student transportation	-	-	-	-
0035 Food service	-	-	-	-
0036 Extracurricular activities	-	-	-	-
0041 General administration	-	22,500	-	-
0051 Plant maintenance and operations	-	20,000	-	-
0052 Security and monitoring services	-	-	-	-
<b>Debt service:</b>				
0071 Principal	-	-	-	-
0072 Interest	-	-	-	-
<b>Capital outlay:</b>				
0081 Facilities acquisition and construction	-	-	-	-
<b>Intergovernmental:</b>				
0093 Shared services arrangements	-	-	170,663	-
6030 <b>Total Expenditures</b>	<u>1,141,581</u>	<u>73,995</u>	<u>860,608</u>	<u>23,515</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
7915 Transfers in	-	-	-	-
7080 <b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 <b>Net Change in Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
0100 Beginning fund balances	-	-	-	-
3000 <b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*COMBINING STATEMENT OF REVENUES, EXPENDITURES,*  
*AND CHANGES IN FUND BALANCES*  
**NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2 (Page 3 of 3)**  
**For the Year Ended August 31, 2023**

<b>Data Control Codes</b>		<b>429</b>	<b>437</b>	<b>461</b>	<b>493</b>
		<b>Misc. State Programs</b>	<b>Student Success Initiative</b>	<b>Campus Activity</b>	<b>Region III Training Stipend</b>
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ -	\$ 1,089,000	\$ 124,001	\$ 31,000
5800	State program revenues	1,218,336	-	-	-
5900	Federal program revenues	-	-	-	-
5020	<b>Total Revenues</b>	<u>1,218,336</u>	<u>1,089,000</u>	<u>124,001</u>	<u>31,000</u>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	518,618	938,124	36,528	-
0012	Instructional resources/media services	-	-	6,654	-
0013	Curriculum and staff development	1,023	2,137	-	31,000
0021	Instructional leadership	12,359	107,759	-	-
0023	School leadership	318,890	-	-	-
0031	Guidance, counseling, and				
0031	evaluation services	-	1,300	-	-
0033	Health services	-	41,476	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	89,490	-
0041	General administration	14,453	40,000	-	-
0051	Plant maintenance and operations	200,032	-	-	-
0052	Security and monitoring services	7,619	-	-	-
<b>Debt service:</b>					
0071	Principal	-	1,852	-	-
0072	Interest	-	62	-	-
<b>Capital outlay:</b>					
0081	Facilities acquisition and construction	145,342	-	-	-
<b>Intergovernmental:</b>					
0093	Shared services arrangements	-	-	-	-
6030	<b>Total Expenditures</b>	<u>1,218,336</u>	<u>1,132,710</u>	<u>132,672</u>	<u>31,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
1100		<u>-</u>	<u>(43,710)</u>	<u>(8,671)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
7915	Transfers in	-	-	-	-
7080	<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	<b>Net Change in Fund Balances</b>	<u>-</u>	<u>(43,710)</u>	<u>(8,671)</u>	<u>-</u>
0100	Beginning fund balances	-	43,921	79,828	-
3000	<b>Ending Fund Balances</b>	<u>\$ -</u>	<u>\$ 211</u>	<u>\$ 71,157</u>	<u>\$ -</u>

494	495	496	Total
Edna Education Foundation Donations	District UIL 28AAA	Building Bridge Discretionary	Nonmajor Governmental Funds
\$ 904,052	\$ 64,180	\$ 18,500	\$ 2,317,411
-	-	-	1,334,389
-	-	-	4,214,819
<u>904,052</u>	<u>64,180</u>	<u>18,500</u>	<u>7,866,619</u>
-	-	38,117	4,139,571
-	-	-	6,654
-	-	-	44,757
-	-	-	166,287
-	-	-	318,890
-	-	-	408,686
-	-	-	41,597
-	-	-	8,181
-	-	-	1,106,459
-	64,180	-	153,670
-	-	-	76,953
-	-	-	255,449
-	-	-	7,619
-	-	-	1,852
-	-	-	62
470,987	-	18,500	634,829
-	-	-	187,981
<u>470,987</u>	<u>64,180</u>	<u>56,617</u>	<u>7,559,497</u>
<u>433,065</u>	<u>-</u>	<u>(38,117)</u>	<u>307,122</u>
<u>225,000</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
<u>225,000</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
658,065	-	(38,117)	532,122
-	-	42,161	636,271
<u>\$ 658,065</u>	<u>\$ -</u>	<u>\$ 4,044</u>	<u>\$ 1,168,393</u>

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1*  
For the Year Ended August 31, 2023

<u>Last Ten Years</u>	Tax Rates		3 Net Assessed/ Appraised Value For School Tax Purposes
	1	2	
	<u>Maintenance</u>	<u>Debt Service</u>	
2014 and prior	Various	Various	Various
2015	\$ 1.0400	\$ 0.2696	\$ 596,078,305
2016	\$ 1.0400	\$ 0.2677	\$ 567,882,667
2017	\$ 1.0400	\$ 0.2567	\$ 565,834,667
2018	\$ 1.0400	\$ 0.2400	\$ 608,955,282
2019	\$ 1.0600	\$ 0.2200	\$ 590,958,068
2020	\$ 0.9700	\$ 0.2350	\$ 644,227,107
2021	\$ 0.9314	\$ 0.2175	\$ 672,994,745
2022	\$ 0.8720	\$ 0.1986	\$ 726,828,528
2023	\$ 0.8546	\$ 0.1913	\$ 774,176,499
<b>1000 Totals</b>			

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone under Chapter 311, Tax Code.

8000 - Taxes Refunded under Section 26.115, Tax Code for owners who received an exemption as provided by Section 11.42(f), Tax Code.

<b>10</b>	<b>20</b>	<b>31</b>	<b>32</b>	<b>40</b>	<b>50</b>
<b>Beginning Balance 9/1/22</b>	<b>Current Year's Total Levy</b>	<b>Maintenance Total Collected</b>	<b>Debt Service Total Collected</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance 8/31/23</b>
\$ 181,869	\$ -	\$ 716	\$ 180	\$ (346)	\$ 180,627
27,002	-	508	131	(151)	26,212
37,228	-	668	163	-	36,397
60,580	-	1,134	280	(186)	58,980
64,572	-	1,332	307	-	62,933
81,101	-	6,730	1,397	(60)	72,914
72,151	-	4,235	1,025	(299)	66,592
76,521	-	12,669	2,918	(850)	60,084
171,686	-	54,939	12,457	(10,030)	94,260
-	8,097,112	6,226,244	1,453,854	24,564	441,578
<u>\$ 772,710</u>	<u>\$ 8,097,112</u>	<u>\$ 6,309,175</u>	<u>\$ 1,472,712</u>	<u>\$ 12,642</u>	<u>\$ 1,100,577</u>
		<u>\$ -</u>			
		<u>\$ 59</u>			

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*BUDGETARY COMPARISON SCHEDULE*  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2**  
For the Year Ended August 31, 2023

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 258,750	\$ 258,750	\$ 86,678	\$ (172,072)
5800	State program revenues	5,000	5,000	9,432	4,432
5900	Federal program revenues	709,175	858,175	1,010,321	152,146
5020	<b>Total Revenues</b>	<u>972,925</u>	<u>1,121,925</u>	<u>1,106,431</u>	<u>(15,494)</u>
<b>Expenditures</b>					
<b>Current:</b>					
0035	Food service	983,845	1,122,845	1,106,459	16,386
0051	Plant maintenance and operations	35,000	45,000	35,417	9,583
6030	<b>Total Expenditures</b>	<u>1,018,845</u>	<u>1,167,845</u>	<u>1,141,876</u>	<u>25,969</u>
1200	<b>Net Change in Fund Balance</b>	(45,920)	(45,920)	(35,445)	10,475
0100	Beginning fund balance	470,239	470,239	470,239	-
3000	<b>Ending Fund Balance</b>	<u>\$ 424,319</u>	<u>\$ 424,319</u>	<u>\$ 434,794</u>	<u>\$ 10,475</u>

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*BUDGETARY COMPARISON SCHEDULE*  
**DEBT SERVICE FUND - EXHIBIT J-3**  
For the Year Ended August 31, 2023

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>Revenues</b>					
5700	Local, intermediate, and out-of-state	\$ 1,384,003	\$ 1,384,003	\$ 1,532,540	\$ 148,537
5800	State program revenues	-	-	77,734	77,734
5020	<b>Total Revenues</b>	<u>1,384,003</u>	<u>1,384,003</u>	<u>1,610,274</u>	<u>226,271</u>
<b>Expenditures</b>					
<b>Debt service:</b>					
0071	Principal	1,020,000	1,020,000	1,020,000	-
0072	Interest	402,938	402,938	402,938	-
0073	Issuance costs and fees	5,000	5,000	2,550	2,450
6030	<b>Total Expenditures</b>	<u>1,427,938</u>	<u>1,427,938</u>	<u>1,425,488</u>	<u>2,450</u>
1200	<b>Net Change in Fund Balance</b>	(43,935)	(43,935)	184,786	228,721
0100	Beginning fund balance	900,224	900,224	900,224	56,944
3000	<b>Ending Fund Balance</b>	<u>\$ 856,289</u>	<u>\$ 856,289</u>	<u>\$ 1,085,010</u>	<u>\$ 285,665</u>

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*USE OF FUNDS REPORT*  
**SELECT STATE ALLOTMENT PROGRAMS - EXHIBIT J-4**  
**For the Year Ended August 31, 2023**

<u>Data Control Codes</u>		<u>Responses</u>
<b><u>Section A: Compensatory Education Programs</u></b>		
AP1	Did the District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 1,507,188
AP4	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 1,112,606
<b><u>Section B: Bilingual Education Programs</u></b>		
AP5	Did the District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 73,023
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 62,716

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***FEDERAL AWARDS AND  
OTHER COMPLIANCE SECTION***

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

To the Board of Trustees of  
Edna 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 Edna Independent School District (the "District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2023.

**Report on 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 District'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.

## **Report on 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*.

### **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.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
December 7, 2023



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

To the Board of Trustees of  
Edna Independent School District:

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Edna Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

**Basis for Opinion on Each Major Federal Program**

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

## **Auditors' 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 Auditors' 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 have not been identified.

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

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
December 7, 2023

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS*  
For the Year Ended August 31, 2023

**A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

None to report.

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
For the Year Ended August 31, 2023

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

What were the results of the auditors' determination of whether the financial statements were prepared in accordance with generally accepted accounting principles?	Unmodified
Is a 'going concern' emphasis-of-matter paragraph included in the auditors' report?	No
Is a significant deficiency in internal control disclosed?	No
Is a material weakness in internal control disclosed?	No
Is a material noncompliance disclosed?	No

*Federal Programs*

Type of audit report issued on compliance for each major program	Unmodified
Is a significant deficiency in internal control over major programs disclosed?	No
Is a material weakness in internal control over major programs disclosed?	No
Does the auditors' report include a statement that the financial statements include departments, agencies, or other organizational units expending federal awards which are not included in this audit?	No
What is the dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
Did the auditee qualify as low-risk auditee?	Yes
Did the audit disclose any audit findings that the auditor is required to report under Uniform Guidance 2 CFR §200.516 Audit Findings paragraph (a)?	No

*Major Program Information and Audit Findings*

Identification of major programs:

<u>Assistance Listing (AL) Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Number of Audit Findings</u>
84.425D, 84.425U, 84.425W	Elementary and Secondary School Emergency Relief (ESSER)	0
10.553, 10.555	Child Nutrition Cluster	0

**II. FINANCIAL STATEMENT FINDINGS**

None identified.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None identified.

**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1 (Page 1 of 2)**  
For the Year Ended August 31, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Texas Education Agency:</i>			
Title I, Part A - Improving Basic Programs	84.010A	23610101120901	\$ 402,570
Title I, Part A - Improving Basic Programs	84.010A	24610101120901	45,893
Title I, 1003 - ESF Focused Support Grant	84.010A	226101577110054	79,606
Total AL 84.010			<u>528,069</u>
Title II, Part A - Teacher/Principal Training	84.367A	23694501120901	66,748
Title III, Part A - English Language Acquisition	84.365A	23671001120901	13,474
Title IV, Part A, Subpart 1	84.424A	23680101120901	31,495
Title V, Part B Rural Low Income	84.358B	23696001120901	54,881
22-23 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006120901	22,493
COVID-19 CRRSA ESSER II	84.425D	21521001120901	186,964
COVID-19 ARP ESSER III	84.425U	21528001120901	1,141,581
COVID-19 TCLAS - ESSER III	84.425U	21528042120901	40,802
COVID-19 ARP Homeless II	84.425W	21533002120901	5,923
Total AL 84.425			<u>1,375,270</u>
Special Education Cluster:			
IDEA-B Preschool*	84.173A	236610011209016000	20,443
IDEA-B Preschool*	84.173A	246610011209016000	3,072
COVID-19 IDEA-B Preschool ARP Carryover*	84.173X	225360021209015000	5,485
Total AL 84.173			<u>29,000</u>
IDEA-B Formula*	84.027A	236600011209016000	811,833
IDEA-B Formula*	84.027A	246600011209016000	48,775
High Cost Fund	84.027A	66002306	29,292
COVID-19 IDEA-B Formula ARP Carryover*	84.027X	225350021209015000	64,410
Total AL 84.027			<u>954,310</u>
<b>Total U.S. Department of Education</b>			<u>3,075,740</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Texas Education Agency:</i>			
COVID-19 School Health Support	93.323	22393503120901	42,500
<b>Total U.S. Department of Health and Human Services</b>			<u>42,500</u>



**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1 (Page 2 of 2)**  
For the Year Ended August 31, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Texas Education Agency:</i>			
Child Nutrition Cluster:			
School Breakfast Program*	10.553	806780706	\$ 204,239
National School Lunch Program*	10.555	806780706	732,509
USDA Commodity	10.565	806780706	73,573
<b>Total U.S. Department of Agriculture</b>			1,010,321
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 4,128,561
<b>Reconciliation of Federal Revenue:</b>			
SHARS reimbursement			\$ 200,657
Passed through SSA IDEA-B Formula			86,258
<b>Total Federal Revenue per Exhibit C-2</b>			\$ 4,415,476

\* Indicates clustered program under OMB Compliance Supplement  
The accompanying notes are an integral part of this schedule.

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
For the Year Ended August 31, 2023

**NOTE 1: BASIS OF ACCOUNTING**

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3: SUBRECIPIENTS**

The District is the fiscal agent for a shared services arrangement. The District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>AL Number</u>	<u>Amount Provided to Subrecipients</u>
IDEA - B	84.027	<u>\$ 170,663</u>

**NOTE 4: INDIRECT COST RATE**

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

**NOTE 5: DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)**

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to nonfederal entities. In connection with that donation, the recipient must disclose the estimated value of the donated PPE, but such amounts are not included in the SEFA. The District did not receive any PPE donations funded by federal assistance funds during the reporting year.

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**EDNA**  
**INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF REQUIRED RESPONSES TO*  
*SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1*  
**For the Year Ended August 31, 2023**

<u>Data Control Codes</u>		<u>Responses</u>
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 District make timely payments to the Teacher Retirement System, Texas Workforce Commission, Internal Revenue Service, and other governmental agencies?	Yes
SF4	Was the District 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 District post the required financial information on its website in accordance with Governmental Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws, and rules that were in effect at the District's fiscal year end?	Yes
SF8	Did the Board members discuss the District's property values at a Board meeting within 120 days before the District adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end	<u>\$ -</u>

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