

**SPURGER INDEPENDENT
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2023

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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Spurger Independent School District Tyler 229905
Name of School District County Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) X approved disapproved for the year ended August 31, 2023 at a meeting of the Board of Trustees of such school district on the 14th 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)



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SPURGER 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 the SPURGER INDEPENDENT SCHOOL DISTRICT as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the SPURGER INDEPENDENT SCHOOL DISTRICT's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SPURGER INDEPENDENT SCHOOL DISTRICT and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the TRS pension and OPEB schedules 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 SPURGER INDEPENDENT SCHOOL DISTRICT's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the SPURGER INDEPENDENT SCHOOL DISTRICT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SPURGER INDEPENDENT SCHOOL DISTRICT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SPURGER INDEPENDENT SCHOOL DISTRICT's internal control over financial reporting and compliance.

Mitchell T Fontenote CPA, Inc.

Port Neches, Texas
December 14, 2023

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

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$5,823,457 at August 31, 2023.
- During the year, the District's expenses were \$692,041 less than the \$7,058,372 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$4,753,226. Of this amount, \$3,857,930 is for unrestricted use by the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The *Statement of Activities* presents information showing how the District's net position changed during the current fiscal year. All changes in net position are reported for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

The District has the following kinds of funds:

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

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

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

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

- **Proprietary Funds.** The district will use proprietary funds to account for activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements, but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs. The District does not have any enterprise funds.
- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position on page 17-18.

Notes to the Financial Statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-41 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on page 42-51 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The District's combined net position was \$5,823,457 at August 31, 2023. (See Table I)

**Table I
Net Position**

	Governmental Activities		
	2023	2022	Change
Current and Other Asset	\$ 5,596,662	\$ 5,256,152	\$ 340,510
Capital Assets	4,764,655	4,547,638	217,017
Total Assets	<u>10,361,317</u>	<u>9,803,790</u>	<u>557,527</u>
Total Deferred Outflows	<u>1,990,735</u>	<u>1,472,893</u>	<u>(517,842)</u>
Long-term Liabilities	4,080,446	3,883,032	197,414
Other Liabilities	528,245	500,934	27,311
Total Liabilities	<u>4,608,691</u>	<u>4,383,966</u>	<u>224,725</u>
Total Deferred Inflows	<u>1,919,904</u>	<u>1,761,301</u>	<u>(158,603)</u>
Net Position:			
Net Investment in Capital Assets	3,300,857	2,894,458	406,399
Restricted	1,042,683	1,066,181	(23,498)
Unrestricted	1,479,917	1,170,777	309,140
Total Net Position	<u>\$ 5,823,457</u>	<u>\$ 5,131,416</u>	<u>\$ 692,041</u>

Approximately \$3.30 million of the District's net position represent investments in capital assets net of related debt. Restricted net position is amounts contractually set aside for various purposes totaling \$1.04 million. The unrestricted net position represents resources available to fund the programs of the District next year, currently the unrestricted net position is \$1.48 million due to the inclusion of the net pension and OPEB liabilities.

Changes in net position. The District's total revenues were \$7,058,372 million. A portion, 15 percent, of the District's revenue comes from local property taxes, 59 percent comes from grants and contributions, while only 22 percent relates to charges for services and operating grants, and the remaining 4 percent relates to investment earnings and other miscellaneous revenue.

Total Cost of all programs and services was \$6,366,331. The net position of the District's governmental activities for the current year increased by \$692,041 (see Table II on page 8 of this report).

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

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

Table II
Statement of Activities

	Governmental Activities		
	2023	2022	Change
Revenues			
Program Revenues			
Charges for Services	\$ 31,971	\$ 25,389	\$ 6,582
Operating Grants and Contributions	1,543,097	984,552	558,545
General Revenues			
Property Taxes	1,031,999	991,985	40,014
Grants and Contributions	4,175,586	4,171,953	3,633
Investment Earnings	241,751	29,145	212,606
Miscellaneous	33,968	50,846	(16,878)
Total Revenue	7,058,372	6,253,870	804,502
Expenses			
Instruction	3,301,915	3,099,521	202,394
Instrucitonal Resources and Media	20,977	13,088	7,889
Curriculum and Staff Development	18,585	13,090	5,495
Instructional Leadership	62,317	91,802	(29,485)
School Leadership	367,452	435,152	(67,700)
Guidance, Counseling and Evaluation	164,664	173,482	(8,818)
Health Services	74,131	90,647	(16,516)
Student Transportation	246,998	226,961	20,037
Food Services	320,238	323,122	(2,884)
Extracurricular Activities	163,488	138,210	25,278
General Adminsitration	431,000	382,737	48,263
Facilities Maintenance and Operations	604,935	613,277	(8,342)
Security and Monitoring Services	98,918	12,996	85,922
Data Processing Services	174,660	130,505	44,155
Community Services	14,972	14,753	219
Debt Services - Interest	25,920	39,752	(13,832)
Debt Services - Bond Issuance Cost	910	930	(20)
Payments to SSA	232,351	163,045	69,306
Other Intergovernmental Charges	41,900	39,522	2,378
Total Expenses Governmental Activities	6,366,331	6,002,592	363,739
Increase (Decrease) in Net Position	692,041	251,278	440,763
Net Position - Beginning	5,131,416	4,880,138	251,278
Net Position - Ending	\$ 5,823,457	\$ 5,131,416	\$ 692,041

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

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

Table III
Net Cost of Selected District Functions

	Total Cost of Services			Net Cost of Services		
	2023	2022	Change	2023	2022	Change
Instruction	\$ 3,301,915	\$ 3,105,023	\$ 196,892	\$ 2,476,306	\$ 2,840,130	\$ (363,824)
School Leadership	367,452	435,152	(67,700)	322,547	378,157	(55,610)
Food Service	320,238	323,122	(2,884)	(27,737)	(63,248)	35,511
General Administration	431,000	382,737	48,263	395,127	334,454	60,673
Facilities Maint and Op.	604,935	613,277	(8,342)	522,099	522,107	(8)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented on page 13) reported a combined fund balance of \$4,900,613 million, which is an increase from last year.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its budget as necessary. With these adjustments, actual expenditures were \$335,698 below final budget amounts. The most significant positive variance resulted from lower instruction and transportation expenditures.

On the other hand, resources available were \$130,460 above the final budgeted amount. Local revenue were slightly over budget by \$118,559 while State program revenues were under budget by \$30,580.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets. At August 31, 2023, the District had \$4.76 million (net of depreciation) invested in a broad range of capital assets, including land, buildings, furniture and equipment used for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$217,017 (including additions and deductions) over last year.

Table IV
Capital Assets - Governmental Funds

	2023	2022
Land	\$ 144,769	\$ 144,769
Buildings and Improvements	8,731,742	8,731,742
Equipment and Vehicles	2,193,397	1,679,397
Right-to-Use Assets	116,166	116,166
Totals at Historical Cost	11,186,074	10,672,074
Less: Accumulated Depreciation		
Buildings and Improvements	(4,944,326)	(4,733,083)
Equipment	(1,454,966)	(1,391,353)
Right-to-use Assets	(22,127)	-
Total Accumulated Depreciation	(6,421,419)	(6,124,436)
Net Capital Assets	\$ 4,764,655	\$ 4,547,638

Long-Term Debt. At year-end, the District had \$1.38 million in general obligation debt at a coupon interest rate of 2.70% to 4.00% outstanding at year-end. The District's general obligation bonds carried the highest possible rating, according to national rating agencies.

ECONOMIC FACTORS AND NEW YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2023-2024 budget and tax rate. One of those factors continues to be property values, changes in enrollment, the economy, projects of future budget years, and legislative mandates. Amounts available for appropriation in the General Fund for 2023-2024 are \$5.53 million. The District has adopted a General Fund budget of \$5.53 million for the 2023-2024 fiscal year. If these estimates are realized, the District's budgetary General Fund balance is expected to stay the same by the close of 2023-2024 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 158,119
1120 Current Investments	5,125,885
1220 Property Taxes - Delinquent	267,373
1230 Allowance for Uncollectible Taxes	(80,211)
1240 Due from Other Governments	125,396
1267 Due from Fiduciary Funds	100
Capital Assets:	
1510 Land	144,769
1520 Buildings, Net	3,787,416
1530 Furniture and Equipment, Net	738,431
1550 Right-to-Use Leased Assets, Net	94,039
1000 Total Assets	10,361,317
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	749,184
1706 Deferred Outflow Related to TRS OPEB	1,241,551
1700 Total Deferred Outflows of Resources	1,990,735
LIABILITIES	
2110 Accounts Payable	9,872
2160 Accrued Wages Payable	314,075
2180 Due to Other Governments	196,500
2200 Accrued Expenses	7,798
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	171,153
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	1,304,659
2540 Net Pension Liability (District's Share)	1,413,790
2545 Net OPEB Liability (District's Share)	1,190,844
2000 Total Liabilities	4,608,691
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	100,497
2606 Deferred Inflow Related to TRS OPEB	1,819,407
2600 Total Deferred Inflows of Resources	1,919,904
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	3,300,857
Restricted:	
3820 Restricted for Federal and State Programs	114,401
3850 Restricted for Debt Service	32,986
3860 Restricted for Capital Projects	895,296
3900 Unrestricted	1,479,917
3000 Total Net Position	\$ 5,823,457

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

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

EXHIBIT B-1

Data	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Control	1	3	4	6	
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 3,301,915	\$ 7,733	\$ 817,876	\$ (2,476,306)
12	Instructional Resources and Media Services	20,977	-	186	(20,791)
13	Curriculum and Instructional Staff Development	18,585	-	16,162	(2,423)
21	Instructional Leadership	62,317	-	39,393	(22,924)
23	School Leadership	367,452	-	44,905	(322,547)
31	Guidance, Counseling, and Evaluation Services	164,664	-	34,798	(129,866)
33	Health Services	74,131	-	2,656	(71,475)
34	Student (Pupil) Transportation	246,998	13,920	3,287	(229,791)
35	Food Services	320,238	10,318	337,657	27,737
36	Extracurricular Activities	163,488	-	536	(162,952)
41	General Administration	431,000	-	35,873	(395,127)
51	Facilities Maintenance and Operations	604,935	-	82,836	(522,099)
52	Security and Monitoring Services	98,918	-	43,794	(55,124)
53	Data Processing Services	174,660	-	68,780	(105,880)
61	Community Services	14,972	-	14,358	(614)
72	Debt Service - Interest on Long-Term Debt	25,920	-	-	(25,920)
73	Debt Service - Bond Issuance Cost and Fees	910	-	-	(910)
93	Payments Related to Shared Services Arrangements	232,351	-	-	(232,351)
99	Other Intergovernmental Charges	41,900	-	-	(41,900)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 6,366,331	\$ 31,971	\$ 1,543,097	(4,791,263)
Data					
Control	General Revenues:				
Codes	Taxes:				
MT	Property Taxes, Levied for General Purposes			1,004,135	
DT	Property Taxes, Levied for Debt Service			27,864	
SF	State Aid - Formula Grants			3,922,286	
GC	Grants and Contributions not Restricted			253,300	
IE	Investment Earnings			241,751	
MI	Miscellaneous Local and Intermediate Revenue			33,968	
TR	Total General Revenues			5,483,304	
CN	Change in Net Position			692,041	
NB	Net Position - Beginning			5,131,416	
NE	Net Position - Ending			\$ 5,823,457	

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 107,450	\$ 50,669	\$ 158,119
1120 Investments - Current	5,125,701	184	5,125,885
1220 Property Taxes - Delinquent	244,012	23,361	267,373
1230 Allowance for Uncollectible Taxes	(73,203)	(7,008)	(80,211)
1240 Due from Other Governments	-	125,396	125,396
1260 Due from Other Funds	100	-	100
1000 Total Assets	<u>\$ 5,404,060</u>	<u>\$ 192,602</u>	<u>\$ 5,596,662</u>
LIABILITIES			
2110 Accounts Payable	\$ 7,554	\$ 2,318	\$ 9,872
2160 Accrued Wages Payable	288,989	25,086	314,075
2180 Due to Other Governments	196,500	-	196,500
2200 Accrued Expenditures	5,955	1,843	7,798
2000 Total Liabilities	<u>498,998</u>	<u>29,247</u>	<u>528,245</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	151,836	15,968	167,804
2600 Total Deferred Inflows of Resources	<u>151,836</u>	<u>15,968</u>	<u>167,804</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	114,401	114,401
3480 Retirement of Long-Term Debt	-	32,986	32,986
Committed Fund Balance:			
3510 Construction	895,296	-	895,296
3600 Unassigned Fund Balance	3,857,930	-	3,857,930
3000 Total Fund Balances	<u>4,753,226</u>	<u>147,387</u>	<u>4,900,613</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,404,060</u>	<u>\$ 192,602</u>	<u>\$ 5,596,662</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	4,900,613
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$10,672,074 and the accumulated depreciation was (\$6,124,436). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		2,894,458
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to increase net position.		691,368
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$442,156, a Deferred Resource Inflow in the amount of \$590,718 and a net pension liability in the amount of \$546,894. The impact of this on Net Position is (\$695,456). Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of \$69,647. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$765,103).		(765,103)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$1,030,737, a Deferred Resource Inflow in the amount of \$1,170,583 and a net OPEB liability in the amount of \$1,682,958. The impact of this on Net Position is (\$1,822,804). Changes from the current year reporting of the TRS plan resulted in a increase in net position in the amount of \$54,104. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$1,768,700).		(1,768,700)
5 The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(296,983)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		167,804
19 Net Position of Governmental Activities	\$	5,823,457

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 1,297,195	\$ 37,628	\$ 1,334,823
5800 State Program Revenues	4,193,521	549,202	4,742,723
5900 Federal Program Revenues	132,481	997,895	1,130,376
5020 Total Revenues	<u>5,623,197</u>	<u>1,584,725</u>	<u>7,207,922</u>
EXPENDITURES:			
Current:			
0011 Instruction	2,774,349	813,812	3,588,161
0012 Instructional Resources and Media Services	20,047	-	20,047
0013 Curriculum and Instructional Staff Development	1,660	16,162	17,822
0021 Instructional Leadership	24,702	39,190	63,892
0023 School Leadership	317,882	42,407	360,289
0031 Guidance, Counseling, and Evaluation Services	126,934	33,495	160,429
0033 Health Services	70,331	2,019	72,350
0034 Student (Pupil) Transportation	336,126	2,029	338,155
0035 Food Services	-	374,330	374,330
0036 Extracurricular Activities	159,440	-	159,440
0041 General Administration	386,290	33,537	419,827
0051 Facilities Maintenance and Operations	487,002	81,427	568,429
0052 Security and Monitoring Services	51,079	43,779	94,858
0053 Data Processing Services	100,665	68,088	168,753
0061 Community Services	-	14,358	14,358
Debt Service:			
0071 Principal on Long-Term Liabilities	21,374	145,000	166,374
0072 Interest on Long-Term Liabilities	1,839	35,075	36,914
0073 Bond Issuance Cost and Fees	-	910	910
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	232,351	-	232,351
0099 Other Intergovernmental Charges	41,900	-	41,900
6030 Total Expenditures	<u>5,153,971</u>	<u>1,745,618</u>	<u>6,899,589</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>469,226</u>	<u>(160,893)</u>	<u>308,333</u>
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	137,395	137,395
8911 Transfers Out (Use)	(137,395)	-	(137,395)
7080 Total Other Financing Sources (Uses)	<u>(137,395)</u>	<u>137,395</u>	<u>-</u>
1200 Net Change in Fund Balances	331,831	(23,498)	308,333
0100 Fund Balance - September 1 (Beginning)	<u>4,421,395</u>	<u>170,885</u>	<u>4,592,280</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,753,226</u>	<u>\$ 147,387</u>	<u>\$ 4,900,613</u>

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

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 308,333
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase net position.	691,368
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(296,983)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	4,866
Current year changes due to GASB 68 increased revenues in the amount of \$64,753 but also increased expenditures in the amount of \$134,400. The net effect on the change in the ending net position was an decrease in the amount of \$69,647.	(69,647)
Current year changes due to GASB 75 decreased revenues in the amount of \$219,169 but also decreased expenditures in the amount of \$273,273. The net effect on the change in the ending net position was a increase in the amount of \$54,104.	54,104
Change in Net Position of Governmental Activities	\$ 692,041

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 83,069
Total Assets	<u>83,069</u>
LIABILITIES	
Payroll Deductions and Withholdings Payable	429
Due to Other Funds	<u>100</u>
Total Liabilities	<u>529</u>
NET POSITION	
Restricted for Campus Activities	<u>82,540</u>
Total Net Position	<u><u>\$ 82,540</u></u>

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

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

	Total Custodial Funds
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 85,485
Total Additions	85,485
DEDUCTIONS:	
Other Deductions	82,847
Total Deductions	82,847
Change in Fiduciary Net Position	2,638
Total Net Position September 1 (Beginning)	79,902
Total Net Position August 31 (Ending)	\$ 82,540

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

SPURGER INDEPENDENT SCHOOL DISTRICT applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the SPURGER INDEPENDENT SCHOOL DISTRICT nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District has no business-type activities.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

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

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

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

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

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

Additionally, the District reports the following fund types:

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Proprietary Funds:

4. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has an Internal Service Fund to account for its participation in a workers' compensation shared risk pool.

Fiduciary Funds:

5. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

6. **Custodial Fund** – The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. The District's has the following Custodial Funds:

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

E. OTHER ACCOUNTING POLICIES

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

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

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, furniture and equipment, and leased assets of the District are depreciated using the straight-line method over the following estimated useful lives or, for the lease asset, for the term of the lease if the estimated useful life is longer than the term of the lease if there is an option to purchase which is expected to be exercised:

Assets	Years
Buildings & Improvements	15-30
Furniture & Equipment	3-25
Vehicles	5-10

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

4. In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's Board. Assignments of fund balance are amounts set aside by the District's Superintendent or his designee with the intent they be used for specific purposes.
5. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
6. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to TRS.
7. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. The District reports deferred inflows related to TRS.
8. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a Statewide data base for policy development and funding plans.
9. **Pensions.** The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resource measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 in RSI and the other two reports are in Exhibit J2 and J3.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

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

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

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

<u>Name</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Percentage</u>
Cash and Cash Equivalents	N/A	N/A	\$ 241,188	\$ 351,892	6.42%
Investment Pools (cash equivalent)	N/A	AAA	5,125,885	5,125,885	93.58%
Totals			<u>\$ 5,367,073</u>	<u>\$ 5,477,777</u>	<u>100.00%</u>

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

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

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

Additional policies and contractual provisions governing investments for SPURGER INDEPENDENT SCHOOL DISTRICT are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2023, the district's investments pools (cash and cash equivalents) were rated AAA.

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

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

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy requires that its investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions.

Interest Rate Risk This is the risk that changes in interest rates will adversely affect the fair value of an investment. To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average-maturity limits and diversification. The District shall monitor interest rate risk using weighted average maturity and specific identification.

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

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

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

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

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

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

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Description</u>
General Fund	Custodial Fund	100	Reimbursement transfers
		<u>\$ 100</u>	

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

<u>Transfer From</u>	<u>Transfer To</u>
General Fund	Debt Service
	137,395
	<u>\$ 137,395</u>

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

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

E. CAPITAL ASSET ACTIVITY

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

Capital Assets, Not Depreciated	09/01/2022	Increases	Decreases	08/31/2023
Land	\$ 144,769	\$ -	\$ -	\$ 144,769
Total Capital Assets, Not Depreciated	\$ 144,769	\$ -	\$ -	\$ 144,769
Capital Assets, Depreciated				
Buildings & Improvements	8,731,742	-	-	8,731,742
Furniture and Equipment	1,679,397	514,000	-	2,193,397
Right-to-Use Lease Assets	116,166	-	-	116,166
Total Capital Assets, Depreciated	10,527,305	514,000	-	11,041,305
Less: Accumulated Depreciation				
Buildings & Improvements	(4,733,083)	(211,243)	-	(4,944,326)
Equipment	(1,391,353)	(63,613)	-	(1,454,966)
Right-to-Use Lease Assets	-	(22,127)	-	(22,127)
Total Accumulated Depreciation	(6,124,436)	(296,983)	-	(6,421,419)
Governemental Activities Capital Assets, Net	\$ 4,547,638	\$ 217,017	\$ -	\$ 4,764,655

Depreciation was allocated as follows:

Function Description	Depreciation	Lease Amortization	Total
Instruction	\$ 153,591	\$ -	\$ 153,591
Instrucitonal Resources and Media	858	-	858
Curriculum and Staff Development	763	-	763
Instructional Leadership	2,735	-	2,735
School Leadership	15,422	-	15,422
Guidance, Counseling and Evaluation	6,867	-	6,867
Health Services	3,097	-	3,097
Student Transportation	14,475	-	14,475
Food Services	16,023	-	16,023
Extracurricular Activities	6,825	-	6,825
General Adminsitration	17,971	-	17,971
Facilities Maintenance and Operations	24,332	22,127	46,459
Security and Monitoring Services	4,060	-	4,060
Data Processing Services	7,223	-	7,223
Community Services	614	-	614
Total	\$ 274,856	\$ 22,127	\$ 296,983

F. BONDS AND LONG-TERM NOTES PAYABLE

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

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

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

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

<u>Series</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Annual Installments</u>	<u>Percentage Rate</u>	<u>Outstanding Balance</u>
Series 2011 Tax Refunding	\$ 2,835,000	2031	\$145,000-\$200,000	2.70%-4.00%	\$ 1,380,000
					<u>\$ 1,380,000</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities</u>					
General obligation bonds	\$ 1,525,000	\$ -	\$ (145,000)	\$ 1,380,000	\$ 150,000
Accretion on CAB Bonds	-	-	-	-	-
Other District Obligations:					
Bus Loan	12,014	-	(12,014)	-	-
Net Pension Liability	546,894	978,945	(112,049)	1,413,790	-
Net OPEB Liability	1,682,958	341,431	(833,545)	1,190,844	-
Lease Liability	116,166	-	(20,354)	95,812	21,153
Total District Oglibations	<u>\$ 3,883,032</u>	<u>\$ 1,320,376</u>	<u>\$ (1,122,962)</u>	<u>\$ 4,080,446</u>	<u>\$ 171,153</u>

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

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

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

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

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

Debt service requirements for bonds are as follows:

Year Ended August 31,	Principal	Interest	Total
2024	150,000	49,307	199,307
2025	160,000	43,976	203,976
2026	160,000	38,376	198,376
2027	165,000	32,688	197,688
2028	175,000	26,300	201,300
2029-2032	570,000	35,000	605,000
	<u>\$ 1,380,000</u>	<u>\$ 225,647</u>	<u>\$ 1,605,647</u>

Lease agreements are summarized as follows:

Description	Date	Payment	Payment	Interest Rate	Total Lease	Balance
Copiers	8/4/2022	5 years	\$ 2,040	3.86%	\$ 116,166	\$ 95,812
						<u>\$ 95,812</u>

The District leased copy machines beginning August 4, 2022, for a period of 5 years. The District has no plans to cancel this lease. There is a variable usage cost associated with this lease of \$0.0035 for excess black and white copies and \$0.035 for excess color copies. Base charges include 80,000 black and white copies and 1,000 color copies.

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

August 31	Principal	Interest	Total
2024	21,153	3,327	24,480
2025	21,984	2,496	24,480
2026	22,848	1,632	24,480
2027	23,746	734	24,480
2028	6,081	39	6,120
	<u>95,812</u>	<u>8,228</u>	<u>104,040</u>

G. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS

Beginning this fiscal year, GASB pronouncement 96 requires the subscription based information technology agreements (SBITA) be accounted for as SBITA assets and SBITA liabilities. These agreements can be described in groups - those related to the provision of assisting students, those related to the training of teaching and support personnel, and those used for administrative purposes. The district makes monthly, quarterly or annual payments and the agreements are for varying terms. The SBITA liability is the present value of these payments using the district's incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA asset is measured as the SBITA Liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement. The District did not have any subscription based information technology agreements that meet the criteria of this pronouncement as of August 31, 2023.

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

H. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018, received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

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

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

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

	Contribution Rates	
	2022	2023
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
District's Measurement Year Employer Contributions		\$ 111,124
District's Measurement Year Member Contributions		\$ 100,344
Measurement Year NECE On-Behalf Contributions		\$ 197,874

The actual contributions made by the district during the reporting period (the district's FY 2023) were \$136,836 for the district and \$263,651 made by the plan members employed by the district.

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

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

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

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

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

Net Pension Liability

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

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

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

Actuarial Assumptions.

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

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

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

Discount Rate. The single discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.5% 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 these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 (see page 53 of the TRS ACFR) are summarized below.

SPURGER INDEPENDENT SCHOOL DISTRICT
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III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS Cont'd

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

*Absolute Return Includes Credit Sensitive Investments.

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

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

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

Discount Rate Sensitivity Analysis. The following table presents net pension liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (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	\$ 2,199,321	\$ 1,413,790	\$ 777,080

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2022, the District reported a liability of \$1,413,790,894 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 1,413,790
State's proportionate share that is associated with the District	2,517,474
Total	\$ 3,931,264

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

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

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0023814239 % which was an increase of 0.000233918% from its proportion measured as of August 31, 2021.

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

Changes in Benefits - There were no changes in benefits.

For the year ended August 31, 2023, the District recognized pension expense of \$260,642 and revenue of \$240,642 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	20,500	30,823
Changes in actual assumptions	263,435	65,655
Difference between projected and actual investment earnings	139,678	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	188,735	4,019
Contributions paid to TRS subsequent to the measurement date	136,836	-
Total	\$ 749,184	\$ 100,497

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

Measurement year ended Aug 31	Pension Expense	Balance of Deferred Outflows (Inflows)
2023	\$ 131,411	\$ 240,762
2024	90,164	150,598
2025	51,575	99,023
2026	198,611	(99,588)
2027	40,090	(139,678)
Thereafter	-	(139,678)

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

I. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2569; or by calling (512) 542-6592.

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

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

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

TRS-Care Monthly Premium rates

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

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of salary. Section 1575.204 establishes a public-school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2019. The following table shows contributions to the TRS-Care plan by type of contributor.

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

	Contribution Rates	
	2022	2023
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federa/private Funding Remitted by Employers	1.25%	1.25%
District's Measurement Year Employer Contributions		\$ 40,849
District's Measurement Year Member Contributions		\$ 13,097
Measurement Year NECE On-Behalf Contributions		\$ 49,829

The actual contributions made by the district during the reporting period (the district's FY 2023) were \$44,506 for the district and \$21,421 made by the plan members employed by the district.

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

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions;

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All the demographic assumptions 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 identical to the assumptions used in the August 31, 2021, TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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

Additional Actuarial Methods and Assumptions:

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

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

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

Discount Rate. A single discount rate of 3.91% was used to measure the total OPEB liability. There was a decrease of 1.96 percent in the discount rate since the previous year. The Discount Rate can be found in the 2023 TRS ACFR on page 77. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2021, using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

	1% Decrease in Discount Rate 2.91%	Current Single Discount Rate 3.91%	1% Increase in Discount Rate 4.91%
District's proportionate share of the net OPEB liability	\$ 1,404,099	\$ 1,190,844	\$ 1,018,080

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2022, the District reported a liability of \$1,190,844 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

	Total
District's Proportionate share of the collective Net OPEB Liability	\$ 1,190,844
State's proportionate share that is associated with the District	1,452,642
Total	<u>\$ 2,643,486</u>

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

At August 31, 2023, the employer's proportion of the collective Net OPEB Liability was 0.004973453% compared to the 0.0043628798% as of August 31, 2022. This is an increase of 0.0006105732%.

The following presents the net OPEB liability if a healthcare trend rate that is 1% less and 1% greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend	Current Single Healthcare Trend	1% Increase in Healthcare Trend
District's proportionate share of the net OPEB liability	\$ 981,261	\$ 1,190,844	\$ 1,462,541

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

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2023, the District recognized OPEB expense of \$206,142 and revenue of \$206,142 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 other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	66,207	992,080
Changes in actual assumptions	181,389	827,327
Difference between projected and actual investment earnings	3,547	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	945,902	-
Contributions paid to TRS subsequent to the measurement date	44,506	-
Total	\$ 1,241,551	\$ 1,819,407

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

Year ended August 31,	OPEB Expense	Balance of Deferred Outflows (Inflows)
2023	\$ (144,042)	\$ (478,320)
2024	(144,030)	(334,290)
2025	(93,530)	(240,760)
2026	(25,162)	(215,598)
2027	(63,005)	(152,593)
Thereafter	(152,593)	-

J. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

Medicare Part D. During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$282-\$869 per month per employee to the plan (of which the State provided \$75 per month per employee) and employees, at their option, authorized payroll withholdings to pay contributions or premium for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

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

K. UNAVAILABLE/UNEARNED REVENUE

Unavailable revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Property Taxes	151,836	15,968	167,804
Total Unavailable Revenue	<u>\$ 151,836</u>	<u>\$ 15,968</u>	<u>\$ 167,804</u>

L. DUE FROM STATE AGENCIES

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

	State Entitlements	Federal Grants	Total
Special Revenue	-	125,396	125,396
	<u>\$ -</u>	<u>\$ 125,396</u>	<u>\$ 125,396</u>

M. LITIGATION

None

N. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 14, 2023, the date the financial statements were available to be issued.

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

N. FUND BALANCE

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

- Non-Spendable includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The District has \$0 classified as Non-Spendable
- Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The District has \$147,387 classified as Restricted.
- Committed includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. The district has \$895,296 classified as Committed.
- Assigned includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The District has \$0 classified as Assigned.
- Unassigned includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds. The District has \$3,857,930 classified as Unassigned.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,077,882	\$ 1,178,636	\$ 1,297,195	\$ 118,559
5800	State Program Revenues	4,221,617	4,224,101	4,193,521	(30,580)
5900	Federal Program Revenues	90,000	90,000	132,481	42,481
5020	Total Revenues	5,389,499	5,492,737	5,623,197	130,460
EXPENDITURES:					
Current:					
0011	Instruction	2,852,438	2,857,739	2,774,349	83,390
0012	Instructional Resources and Media Services	22,377	22,377	20,047	2,330
0013	Curriculum and Instructional Staff Development	4,650	4,650	1,660	2,990
0021	Instructional Leadership	50,194	41,019	24,702	16,317
0023	School Leadership	328,672	323,872	317,882	5,990
0031	Guidance, Counseling, and Evaluation Services	162,101	159,301	126,934	32,367
0033	Health Services	80,594	77,794	70,331	7,463
0034	Student (Pupil) Transportation	344,254	401,001	336,126	64,875
0036	Extracurricular Activities	150,221	168,846	159,440	9,406
0041	General Administration	412,895	421,632	386,290	35,342
0051	Facilities Maintenance and Operations	484,717	534,017	487,002	47,015
0052	Security and Monitoring Services	46,500	56,655	51,079	5,576
0053	Data Processing Services	137,266	112,266	100,665	11,601
Debt Service:					
0071	Principal on Long-Term Liabilities	12,600	29,684	21,374	8,310
0072	Interest on Long-Term Liabilities	-	3,316	1,839	1,477
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	210,000	233,000	232,351	649
0099	Other Intergovernmental Charges	40,000	42,500	41,900	600
6030	Total Expenditures	5,339,479	5,489,669	5,153,971	335,698
1100	Excess of Revenues Over Expenditures	50,020	3,068	469,226	466,158
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(127,920)	(127,920)	(137,395)	(9,475)
1200	Net Change in Fund Balances	(77,900)	(124,852)	331,831	456,683
0100	Fund Balance - September 1 (Beginning)	4,421,395	4,421,395	4,421,395	-
3000	Fund Balance - August 31 (Ending)	\$ 4,343,495	\$ 4,296,543	\$ 4,753,226	\$ 456,683

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

	<u>FY 2023</u> <u>Plan Year 2022</u>	<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>
District's Proportion of the Net Pension Liability (Asset)	0.002381424%	0.002147506%	0.001884525%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 1,413,790	\$ 546,894	\$ 1,009,313
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,517,474	1,190,143	2,551,700
Total	<u>\$ 3,931,264</u>	<u>\$ 1,737,037</u>	<u>\$ 3,561,013</u>
District's Covered Payroll	\$ 3,023,646	\$ 2,499,609	\$ 2,952,571
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	46.76%	21.88%	34.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year</u>
0.001859507%	0.001841901%	0.00169713%	0.001799794%	0.0019407%	0.0005771%
\$ 966,630	\$ 1,013,827	\$ 542,651	\$ 680,115	\$ 686,012	\$ 154,152
2,165,089	2,503,527	1,431,129	1,826,970	1,725,539	1,515,318
<u>\$ 3,131,719</u>	<u>\$ 3,517,354</u>	<u>\$ 1,973,780</u>	<u>\$ 2,507,085</u>	<u>\$ 2,411,551</u>	<u>\$ 1,669,470</u>
\$ 2,893,633	\$ 2,707,092	\$ 2,651,052	\$ 2,463,966	\$ 2,498,043	\$ 2,389,090
33.40%	37.45%	20.47%	27.60%	27.46%	6.45%
75.24%	73.74%	82.17%	76.23%	78.43%	83.25%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 136,836	\$ 31,555	\$ 21,556
Contribution in Relation to the Contractually Required Contribution	(136,836)	(31,555)	(21,556)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 3,023,646	\$ 2,499,609	\$ 2,952,603
Contributions as a Percentage of Covered Payroll	1.56%	1.26%	0.73%

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

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

	2020	2019	2018	2017	2016	2015
\$	35,670	\$ 65,086	\$ 62,048	\$ 55,622	\$ 57,184	\$ 56,385
	(35,670)	(65,086)	(62,048)	(55,622)	(57,184)	(56,385)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	2,893,633	\$ 2,707,092	\$ 2,651,052	\$ 2,389,090	\$ 2,498,043	\$ 2,463,966
	1.23%	2.40%	2.34%	2.33%	2.29%	2.29%

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.004973453%	0.00436288%	0.004301052%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 1,190,844	\$ 1,682,958	\$ 1,635,024
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,452,642	2,254,788	2,197,080
Total	<u>\$ 2,643,486</u>	<u>\$ 3,937,746</u>	<u>\$ 3,832,104</u>
District's Covered Payroll	\$ 3,023,535	\$ 2,499,651	\$ 2,952,571
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	39.39%	67.33%	55.38%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

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

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

FY 2020 Plan Year	FY 2019 Plan Year	FY 2018 Plan Year
0.00312178%	0.003045848%	0.002792454%
\$ 1,476,326	\$ 1,520,820	\$ 1,214,334
1,961,710	2,351,934	1,969,399
<u>\$ 3,438,036</u>	<u>\$ 3,872,754</u>	<u>\$ 3,183,733</u>
\$ 2,893,633	\$ 2,707,092	\$ 2,651,052
51.02%	56.18%	45.81%
2.66%	1.57%	0.91%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 44,506	\$ 8,686	\$ 34,211
Contribution in Relation to the Contractually Required Contribution	(44,506)	(8,686)	(34,211)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 3,023,535	\$ 2,499,651	\$ 2,952,571
Contributions as a Percentage of Covered Payroll	0.43%	0.35%	1.16%

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

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

	2020	2019	2018
\$	32,691	\$ 22,156	\$ 20,041
	(32,691)	(22,156)	(20,041)
\$	-	\$ -	\$ -
\$	2,893,633	\$ 2,707,092	\$ 2,651,052
	1.13%	0.82%	0.75%

SPURGER INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AUGUST 31, 2023

A. Notes to Budgetary Comparison Schedule

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

B. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

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

C. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefits.

Changes in Assumptions.

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

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

COMBINING AND OTHER STATEMENTS

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	
ASSETS					
1110	Cash and Cash Equivalents	\$ (3,208)	\$ -	\$ 92,374	\$ (7,181)
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	5,172	-	29,430	7,266
1000	Total Assets	<u>\$ 1,964</u>	<u>\$ -</u>	<u>\$ 121,804</u>	<u>\$ 85</u>
LIABILITIES					
2110	Accounts Payable	\$ 1,964	\$ -	\$ -	\$ 85
2160	Accrued Wages Payable	-	-	7,244	-
2200	Accrued Expenditures	-	-	159	-
2000	Total Liabilities	<u>1,964</u>	<u>-</u>	<u>7,403</u>	<u>85</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	114,401	-
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>114,401</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,964</u>	<u>\$ -</u>	<u>\$ 121,804</u>	<u>\$ 85</u>

269 ESEA, V,B,1 Small Rural School Prog.	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	427 JET Grant	429 Other State Special Revenue Funds
\$ -	\$ (905)	\$ -	\$ (20,762)	\$ (1,436)	\$ -	\$ (34,086)	\$ (6,544)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	905	-	40,288	1,436	-	34,086	6,813
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269
-	-	-	17,842	-	-	-	-
-	-	-	1,684	-	-	-	-
-	-	-	<u>19,526</u>	-	-	-	<u>269</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269</u>

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

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service	Total Nonmajor Governmental Funds	
ASSETS				
1110	Cash and Cash Equivalents	\$ 18,252	\$ 32,417	\$ 50,669
1120	Investments - Current	-	184	184
1220	Property Taxes - Delinquent	-	23,361	23,361
1230	Allowance for Uncollectible Taxes	-	(7,008)	(7,008)
1240	Due from Other Governments	125,396	-	125,396
1000	Total Assets	<u>\$ 143,648</u>	<u>\$ 48,954</u>	<u>\$ 192,602</u>
LIABILITIES				
2110	Accounts Payable	\$ 2,318	-	\$ 2,318
2160	Accrued Wages Payable	25,086	-	25,086
2200	Accrued Expenditures	1,843	-	1,843
2000	Total Liabilities	<u>29,247</u>	<u>-</u>	<u>29,247</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	15,968	15,968
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>15,968</u>	<u>15,968</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	114,401	-	114,401
3480	Retirement of Long-Term Debt	-	32,986	32,986
3000	Total Fund Balances	<u>114,401</u>	<u>32,986</u>	<u>147,387</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 143,648</u>	<u>\$ 48,954</u>	<u>\$ 192,602</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 14,325	\$ -
5800 State Program Revenues	-	-	10,555	-
5900 Federal Program Revenues	213,612	-	323,406	24,041
5020 Total Revenues	213,612	-	348,286	24,041
EXPENDITURES:				
Current:				
0011 Instruction	120,549	-	-	11,920
0013 Curriculum and Instructional Staff Development	12,427	-	-	3,735
0021 Instructional Leadership	36,190	-	-	3,000
0023 School Leadership	26,793	-	-	4,086
0031 Guidance, Counseling, and Evaluation Services	-	-	-	500
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	371,794	-
0041 General Administration	3,295	-	-	800
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	14,358	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	213,612	-	371,794	24,041
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(23,508)	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	(23,508)	-
0100 Fund Balance - September 1 (Beginning)	-	-	137,909	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 114,401	\$ -

269 ESEA, V,B,1 Small Rural School Prog.	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	427 JET Grant	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	4,347	345,363	150,437
68,088	5,454	166,557	186,680	10,057	-	-	-
68,088	5,454	166,557	186,680	10,057	4,347	345,363	150,437
-	904	22,402	179,558	-	4,347	363,566	110,566
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	4,550	3,044	-	-	-	-	3,934
-	-	32,399	596	-	-	-	-
-	-	2,019	-	-	-	-	-
-	-	2,029	-	-	-	-	-
-	-	2,536	-	-	-	-	-
-	-	28,148	-	800	-	-	494
-	-	73,980	6,526	-	-	-	921
-	-	-	-	9,257	-	-	34,522
68,088	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
68,088	5,454	166,557	186,680	10,057	4,347	363,566	150,437
-	-	-	-	-	-	(18,203)	-
-	-	-	-	-	-	18,203	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 14,325	\$ 23,303	\$ 37,628
5800 State Program Revenues	510,702	38,500	549,202
5900 Federal Program Revenues	997,895	-	997,895
5020 Total Revenues	1,522,922	61,803	1,584,725
EXPENDITURES:			
Current:			
0011 Instruction	813,812	-	813,812
0013 Curriculum and Instructional Staff Development	16,162	-	16,162
0021 Instructional Leadership	39,190	-	39,190
0023 School Leadership	42,407	-	42,407
0031 Guidance, Counseling, and Evaluation Services	33,495	-	33,495
0033 Health Services	2,019	-	2,019
0034 Student (Pupil) Transportation	2,029	-	2,029
0035 Food Services	374,330	-	374,330
0041 General Administration	33,537	-	33,537
0051 Facilities Maintenance and Operations	81,427	-	81,427
0052 Security and Monitoring Services	43,779	-	43,779
0053 Data Processing Services	68,088	-	68,088
0061 Community Services	14,358	-	14,358
Debt Service:			
0071 Principal on Long-Term Liabilities	-	145,000	145,000
0072 Interest on Long-Term Liabilities	-	35,075	35,075
0073 Bond Issuance Cost and Fees	-	910	910
6030 Total Expenditures	1,564,633	180,985	1,745,618
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,711)	(119,182)	(160,893)
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	18,203	119,192	137,395
1200 Net Change in Fund Balance	(23,508)	10	(23,498)
0100 Fund Balance - September 1 (Beginning)	137,909	32,976	170,885
3000 Fund Balance - August 31 (Ending)	\$ 114,401	\$ 32,986	\$ 147,387

T.E.A. REQUIRED SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ 435,329,388
2015	1.040000	0.14000	60,934,153
2016	1.040000	0.14000	68,770,835
2017	1.170000	0.01000	80,433,392
2018	1.170000	0.01000	86,844,543
2019	1.170000	0.02000	85,918,872
2020	1.068400	0.02000	86,065,585
2021	1.003700	0.02000	96,178,757
2022	1.003700	0.02000	93,287,877
2023 (School year under audit)	0.751000	0.16000	113,861,498
1000 TOTALS			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 74,460	\$ -	\$ 2,627	\$ 354	\$ (275)	\$ 71,204
8,352	-	807	109	-	7,436
9,976	-	819	110	-	9,047
11,657	-	1,506	13	(269)	9,869
14,469	-	1,866	16	(255)	12,332
19,292	-	2,550	44	(246)	16,452
26,758	-	6,778	127	(212)	19,641
28,506	-	7,446	148	(443)	20,469
57,637	-	16,756	334	(2,153)	38,394
-	1,037,278	806,402	171,803	3,456	62,529
<u>\$ 251,107</u>	<u>\$ 1,037,278</u>	<u>\$ 847,557</u>	<u>\$ 173,058</u>	<u>\$ (397)</u>	<u>\$ 267,373</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 14,366	\$ 14,366	\$ 14,325	\$ (41)
5800 State Program Revenues	-	10,310	10,555	245
5900 Federal Program Revenues	289,832	311,091	323,406	12,315
5020 Total Revenues	304,198	335,767	348,286	12,519
EXPENDITURES:				
Current:				
0035 Food Services	304,198	405,767	371,794	33,973
6030 Total Expenditures	304,198	405,767	371,794	33,973
1200 Net Change in Fund Balances	-	(70,000)	(23,508)	46,492
0100 Fund Balance - September 1 (Beginning)	137,909	137,910	137,909	(1)
3000 Fund Balance - August 31 (Ending)	\$ 137,909	\$ 67,910	\$ 114,401	\$ 46,491

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 22,650	\$ 22,650	\$ 23,303	\$ 653
5800	State Program Revenues	30,505	30,505	38,500	7,995
5020	Total Revenues	53,155	53,155	61,803	8,648
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Liabilities	181,075	145,000	145,000	-
0072	Interest on Long-Term Liabilities	-	35,075	35,075	-
0073	Bond Issuance Cost and Fees	-	1,000	910	90
6030	Total Expenditures	181,075	181,075	180,985	90
1100	Excess (Deficiency) of Revenues Over Expenditures	(127,920)	(127,920)	(119,182)	8,738
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	127,920	127,920	119,192	(8,728)
1200	Net Change in Fund Balances	-	-	10	10
0100	Fund Balance - September 1 (Beginning)	32,976	32,976	32,976	-
3000	Fund Balance - August 31 (Ending)	\$ 32,976	\$ 32,976	\$ 32,986	\$ 10

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

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	357049
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	324275

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	5357
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	6840

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



MITCHELL T FONTENOTE CPA, INC.

Certified Public Accountants

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

To the Board of Directors
SPURGER 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 SPURGER INDEPENDENT SCHOOL DISTRICT, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise SPURGER INDEPENDENT SCHOOL DISTRICT's basic financial statements, and have issued our report thereon dated December 14, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Mitchell T Fontenote CPA, Inc.

Port Neches, Texas
December 14, 2023



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

To the Board of Directors
SPURGER INDEPENDENT SCHOOL DISTRICT

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SPURGER INDEPENDENT SCHOOL DISTRICT's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of SPURGER INDEPENDENT SCHOOL DISTRICT's major federal programs for the year ended August 31, 2023. SPURGER INDEPENDENT SCHOOL DISTRICT's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mitchell T Fontenote CPA, Inc.

Port Neches, Texas

December 14, 2023

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

A. Summary of Auditor's Results

1 Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

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

_____ Yes X None Reported

Noncompliance material to financial statements noted:

_____ Yes X No

2 Federal and State Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

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

_____ Yes X None Reported

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

Unmodified

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

_____ Yes X None Reported

Identification of major federal and state programs:

CFDA #	Name of Federal Program or Cluster
84.425	Elementary and Secondary School Emergency Relief Fund and related grants

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

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

There are no findings to be reported.

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

There are no findings and questioned costs to be reported.

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

None.

None.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	2261010647110008	\$ 98,749
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101229905	114,863
Total Assistance Listing Number 84.010			213,612
ESEA, Title V, Pt. B,1 - Small, Rural Achievement	84.358A	20521001229905	34,044
ESEA, Title V, Pt. B,1 - Small, Rural Achievement	84.358A	20521001229905	34,044
Total Assistance Listing Number 84.358			68,088
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501229905	24,041
COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001229905	166,557
COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001229905	186,680
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	2152804229905	5,454
Total Assistance Listing Number 84.425			358,691
Title IV Part A Subpart 1	84.424A	23680101229905	10,057
Total Passed Through Texas Education Agency			674,489
TOTAL U.S. DEPARTMENT OF EDUCATION			674,489
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	101,004
*National School Lunch Program - Cash Assistance	10.555	71302301	204,525
*National School Lunch Prog. - Non-Cash Assistance	10.555	229-905	17,877
Total Assistance Listing Number 10.555			222,402
Total Child Nutrition Cluster			323,406
Total Passed Through the Texas Department of Agriculture			323,406
TOTAL U.S. DEPARTMENT OF AGRICULTURE			323,406
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 997,895

*Clustered Programs

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

Basis of Presentation

Summary of Significant Accounting Policies

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

- **General Fund** - is used to account for, among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.
- **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

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

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

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

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

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

Total Expenditures of Federal Awards	\$ 1,130,376
Amounts not considered federal financial assistance:	
School Health and Related Services	(132,481)
Total Federal Revenue as Reported on Statement of Revenues, Expenditures, and Changes in Fund Balance	<u><u>\$ 997,895</u></u>

SCHOOLS FIRST QUESTIONNAIRE

Spurger Independent School District

Fiscal Year 2023

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	