La Grange Independent School District Single Audit Reporting Package

Year Ended August 31, 2023

La Grange Independent School District

Single Audit Reporting Package Year Ended August 31, 2023

La Grange Independent School District

<u>Exhibit</u>	<u>Contents</u>	<u>Page</u>
	Certificate of Board	
	Independent Auditor's Report	1
	Management's Discussion and Analysis (MD&A)	7
	Basic Financial Statements	
	Government-wide Financial Statements:	
A-1	Statement of Net Position	23
B-1	Statement of Activities	24
	Fund Financial Statements:	
C-1	Balance Sheet – Governmental Funds	28
C-2	Reconciliation of the Balance Sheet –	
	Governmental Funds to the Statement of Net Position	29
C-3	Statement of Revenues, Expenditures and Changes in Fund Balances –	
	Governmental Funds	30
C-4	Reconciliation of the Statement of Revenues, Expenditures and	
	Changes in Fund Balances – Governmental Funds to the Statement of Activities	31
C-5	Statement of Revenues, Expenditures and Changes in Fund Balances –	
	Budget and Actual – General Fund	32
D-1	Statement of Net Position – Proprietary Funds	33
D-2	Statement of Revenues, Expenses and Changes in Fund Net Position –	
	Proprietary Funds	34
D-3	Statement of Cash Flows – Proprietary Funds	35
E-1	Statement of Fiduciary Net Position – Fiduciary Funds	36
E-2	Statement of Changes in Net Position – Fiduciary Funds	37
	Notes to Financial Statements	39
	Required Supplementary Information	
G-1	Schedule of the District's Proportionate Share of the Net Pension Liability –	
	Teacher Retirement System of Texas	72
G-2	Schedule of District's Contributions for Pensions –	
	Teacher Retirement System of Texas	74
G-3	Schedule of the District's Proportionate Share of the Net OPEB Liability –	
	Teacher Retirement System of Texas	76
G-4	Schedule of District's Contributions for OPEB –	
	Teacher Retirement System of Texas	78
	Notes to Required Supplementary Information	80
	Combining and Individual Fund Financial Statements and Schedules	
	Governmental Funds:	
H-1	Combining Balance Sheet –Non-Major Governmental Funds	84
H-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
	Non-Major Governmental Funds	90

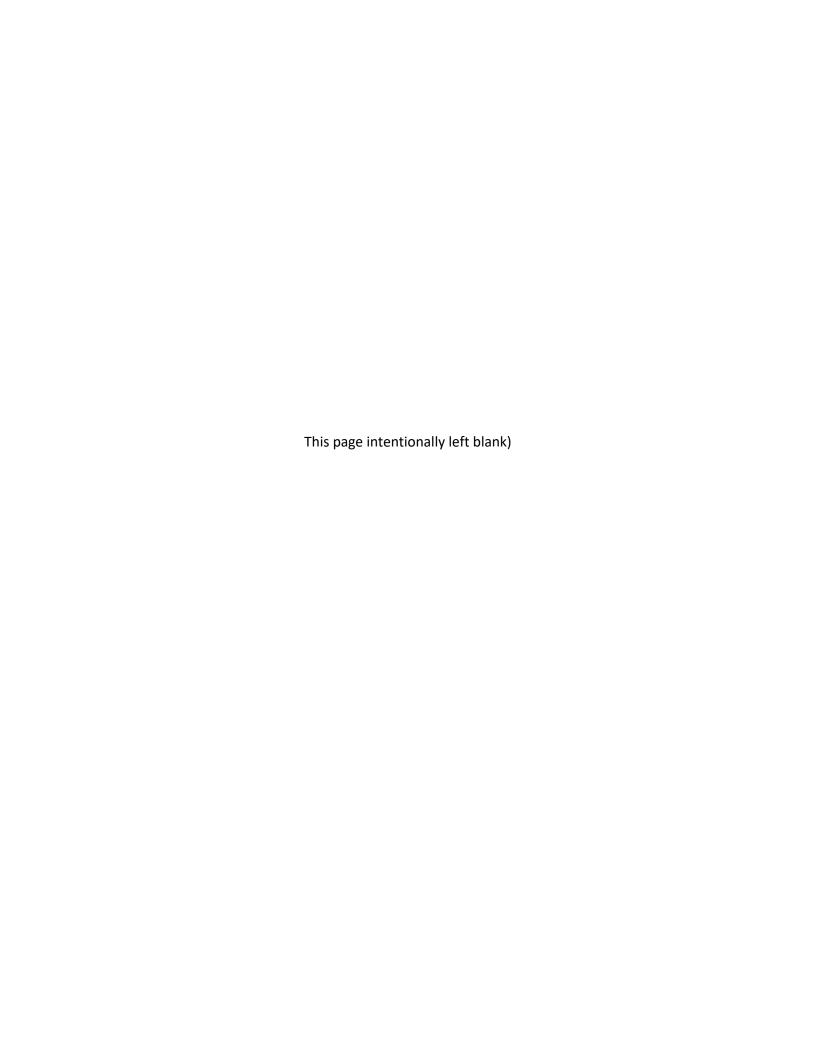
La Grange Independent School District

<u>Exhibit</u>	<u>Contents</u>	<u>Page</u>
	Combining and Individual Fund Financial Statements and Schedules Governmental Funds (Continued):	
J-1	Schedule of Delinquent Taxes Receivable	96
J-2	Schedule of Revenues, Expenditures and Changes in Fund Balances –	
	Budget and Actual – Child Nutrition Program	98
J-3	Schedule of Revenues, Expenditures and Changes in Fund Balances –	
	Budget and Actual – Debt Service Fund	99
J-4	State Compensatory Education and Bilingual Education Program Expenditures	100
	Other Information	
L-1	Schools First Questionnaire	101
	Federal Awards Section	
	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	105
	Independent Auditor's Report on Compliance for Each Major Federal Program;	
	Report on Internal Control Over Compliance; and Report on the Schedule of	
	Expenditures of Federal Awards Required by the Uniform Guidance	107
K-1	Schedule of Expenditures of Federal Awards	111
	Notes to the Schedule of Expenditures of Federal Awards	112
	Schedule of Findings and Questioned Costs	113
	Auditee Response	
	Cover Letter	116
	Corrective Action Plan	117
	Summary Schedule of Prior Audit Findings	118

CERTIFICATE OF BOARD

La Grange Independent School Distric	<u>Fayette</u>	075-902
Name of School District	County	CoDist. Number
We, the undersigned, certify that the school district were reviewed and (chended August 31, 2023, at a meeting day of January 2024.	neck one) approved	d disapproved for the year
Mary White Gunn, Board Secretary		
Gary Drab, Board President		
If the Board of Trustees disapproved (attach list as necessary).	the auditor's report, the r	eason(s) for disapproving it is/are

La Grange Independent School District Financial Statements Year Ended August 31, 2023





Independent Auditor's Report

Board of Trustees La Grange Independent School District

Report on Audit of Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the La Grange Independent School District, as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 La Grange 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.

Change in Accounting Principle

As described in Note 1, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended August 31, 2023, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that
 raise substantial doubt about the District's ability to continue as a going concern for a reasonable
 period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules 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. Such 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 Fund Financial Statements and Schedules information is 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 within the annual report. The other information comprises the schools first questionnaire which is required by the Texas Education Agency. Our opinions on the basic financial statements do not cover this other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, on our consideration of La Grange 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 La Grange 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 La Grange Independent School District's internal control over financial reporting and compliance.

Heinfeld Meach & Co. PC

Heinfeld, Meech & Co., P.C. Scottsdale, Arizona January 17, 2024 (This page intentionally left blank)

Management's Discussion and Analysis (MD&A) (Required Supplementary Information)

(This page intentionally left blank)

As management of the La Grange Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2023. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

Financial Highlights

- The District's total net position of governmental activities increased \$461,147 which
 represents a two percent increase from the prior fiscal year as a result of using Elementary
 and Secondary School Emergency Relief Fund (ESSER) federal grant monies for continuity of
 operations expenses and an increase investment earnings.
- General revenues accounted for \$21.4 million in revenue, or 75 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$7.2 million or 25 percent of total current fiscal year revenues.
- The District had approximately \$28.2 million in expenses related to governmental activities, an increase of seven percent from the prior fiscal year primarily due to an increase in salaries, benefits, and pension expense.
- Among major funds, the General Fund had \$19.5 million in current fiscal year revenues, which
 primarily consisted of state aid and property taxes, and \$20.2 million in expenditures. The
 General Fund's fund balance decreased from \$6.7 million at the prior fiscal year end, to \$6.3
 million at the end of the current fiscal year.
- Net position for the After School Program increased \$14,984 from the prior fiscal year.
 Operating revenues of \$59,263 exceeded operating expenses of \$44,279 at the end of the current fiscal year.

Overview of Financial Statements

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

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

Overview of Financial Statements

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

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

In the government-wide financial statements the District's activities presented in the following categories.

Governmental activities – Most of the District's basic services include instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.

Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows 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 the District's near-term financing requirements.

Overview of Financial Statements

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Debt Service Funds, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules. The District presents a statement of revenues, expenditures, and changes in fund balance – budget and actual for the General Fund.

Proprietary funds. The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as "business-type activities" in the government-wide financial statements. The District uses an enterprise fund to account for its after school program.

Fiduciary funds. – The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Overview of Financial Statements

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension and other postemployment benefit plans. The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$22.5 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

Government-Wide Financial Analysis

The following table presents a summary of the District's net position for the fiscal years ended August 31, 2023 and August 31, 2022.

		2023		2022	2	023		2022				
	Go	vernmental	Go	vernmental	Busin	ess-type	Busir	ness-type				
		Activities		Activities	Act	ivities	Ac	tivities	2	2023 Total	2	2022 Total
Current assets	\$	12,079,255	\$	11,856,629	\$	82,683	\$	67,622	\$	12,161,938	\$	11,924,251
Capital assets, net		57,371,345		58,506,146						57,371,345		58,506,146
Total assets		69,450,600		70,362,775		82,683		67,622		69,533,283		70,430,397
Deferred outflows		4,798,192		2,485,355						4,798,192		2,485,355
Current liabilities		1,569,776		1,444,095		563		486		1,570,339		1,444,581
Long-term liabilities		41,339,103		40,926,158						41,339,103		40,926,158
Total liabilities		42,908,879		42,370,253		563		486		42,909,442		42,370,739
Deferred inflows		8,812,842		8,411,953						8,812,842		8,411,953
Net position:												
Net investment in capital assets		24,958,541		25,314,398						24,958,541		25,314,398
Restricted		3,178,416		2,566,955						3,178,416		2,566,955
Unrestricted		(5,609,886)		(5,815,429)		82,120		67,136		(5,527,766)		(5,748,293)
Total net position	\$	22,527,071	\$	22,065,924	\$	82,120	\$	67,136	\$	22,609,191	\$	22,133,060

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

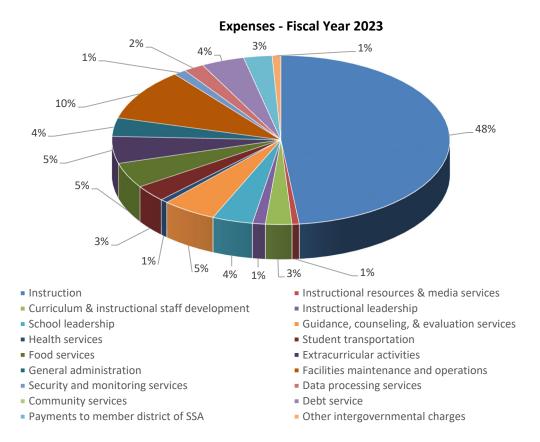
- The principal retirement of \$925,000 of bonds and \$196,250 of bond premium.
- The addition of \$1.6 million in capital assets through school improvements projects and purchases of vehicles, furniture and equipment.
- The increase of \$3.3 million in pension liabilities and decrease of \$2.1 million in OPEB liabilities due to changes in actuarial estimates.

Government-Wide Financial Analysis

Changes in net position. The District's total revenues for the current fiscal year were \$28.7 million. The total cost of all programs and services was \$28.2 million. The following table presents a summary of the changes in net position for the fiscal years ended August 31, 2023 and August 31, 2022.

	2023	2022	2023	2022		
	Governmental	Governmental	Business-type	Business-type		
	Activities	Activities	Activities	Activities	2023 Total	2022 Total
Revenues	·					
Program revenues:						
Charges for services	\$ 1,825,245	\$ 1,816,345	\$ 59,263	\$ 53,075	\$ 1,884,508 \$	1,869,420
Operating grants and	, , , , ,	,- ,,-	,	,	, ,,	,,
contributions	5,373,589	4,956,573			5,373,589	4,956,573
General revenues:						
Maintenance and operations						
taxes	13,426,705	12,761,479			13,426,705	12,761,479
Debt service taxes	2,566,088	2,600,107			2,566,088	2,600,107
State aid - formula grants	3,634,212	4,539,137			3,634,212	4,539,137
Grants and contributions not						
restricted	1,018,791	726,999			1,018,791	726,999
Investment earnings	667,005	225,881			667,005	225,881
Miscellaneous	136,696	139,263			136,696	139,263
Total revenues	28,648,331	27,765,784	59,263	53,075	28,707,594	27,818,859
Expenses					-	
Instruction	13,604,843	11,975,377			13,604,843	11,975,377
Instructional resources & media	, ,	, ,			, ,	, ,
services	193,057	178,273			193,057	178,273
Curriculum and instructional	•	,			,	,
staff development	709,704	527,927			709,704	527,927
Instructional leadership	344,733	318,264			344,733	318,264
School leadership	1,092,413	941,289			1,092,413	941,289
Guidance, counseling, and	, ,	,			, ,	,
evaluation services	1,466,356	1,493,311			1,466,356	1,493,311
Health services	204,857	168,462			204,857	168,462
Student transportation	889,115	786,885			889,115	786,885
Food services	1,366,688	1,216,619			1,366,688	1,216,619
Extracurricular activities	1,452,323	1,174,411			1,452,323	1,174,411
General administration	1,001,979	948,630			1,001,979	948,630
Facilities maintenance and						
operations	2,813,264	3,198,568			2,813,264	3,198,568
Security and monitoring services	332,214	258,549			332,214	258,549
Data processing services	551,805	452,011			551,805	452,011
Community services	1,499	69			1,499	69
Debt service	1,160,141	1,200,995			1,160,141	1,200,995
Payments to member district of	,,	,,			,,	,,
SSA	766,515	1,219,273			766,515	1,219,273
Other intergovernmental	•	, ,			•	
charges	235,678	378,526			235,678	378,526
Business-type activities	,-	,-	44,279	31,823	44,279	31,823
Total expenses	28,187,184	26,437,439	44,279	31,823	28,231,463	26,469,262
Special items		103,291				103,291
Changes in net position	461,147	1,431,636	14,984	21,252	476,131	1,452,888
Net position, beginning	22,065,924	20,634,288	67,136	45,884	22,133,060	20,680,172
Net position, ending	\$ 22,527,071					\$ 22,133,060
,	÷ ==,527,571	,003,32=	- 32,120	- 07,250	÷ ==,000,101	,155,656

Government-Wide Financial Analysis



The following are significant current year transactions that have had an impact on the change in net position.

- An increase of \$665,226 in maintenance and operations property taxes due to an increase in the District's assessed valuation.
- A decrease in state aid of \$904,925 due to a reduction in ADA and an increase in assessed valuation.
- An increase of \$441,124 in investment earnings due to an increase in interest rates.
- An increase of \$1.6 million in instruction expense due to an increase in salaries, benefits, and pension expense.

Government-Wide Financial Analysis

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	Year Ended A	ugust 31, 2023	Year Ended A	ugust 31, 2022
	Total	Net (Expense)/	Total	Net (Expense)/
	Expenses	Revenue	Expenses	Revenue
Instruction	\$ 13,604,843	\$ (10,673,094)	\$ 11,975,377	\$ (9,733,035)
Instructional resources & media services	193,057	(190,057)	178,273	(180,325)
Curriculum & instructional staff development	709,704	(430,107)	527,927	(359,115)
Instructional leadership	344,733	(331,543)	318,264	(217,922)
School leadership	1,092,413	(1,092,413)	941,289	(957,469)
Guidance, counseling, and evaluation services	1,466,356	(808,326)	1,493,311	(790,307)
Health services	204,857	(204,857)	168,462	(171,234)
Student transportation	889,115	(869,279)	786,885	(794,979)
Food services	1,366,688	151,091	1,216,619	238,324
Extracurricular activities	1,452,323	(1,076,893)	1,174,411	(794,653)
General administration	1,001,979	(928,565)	948,630	(905,893)
Facilities maintenance and operations	2,813,264	(1,837,208)	3,198,568	(2,126,289)
Security and monitoring services	332,214	(281,196)	258,549	(238,803)
Data processing services	551,805	(551,805)	452,011	(454,220)
Community services	1,499		69	(22)
Debt service	1,160,141	(1,160,141)	1,200,995	(1,200,995)
Payments to member district of SSA	766,515	(616,761)	1,219,273	(815,088)
Other intergovernmental charges	235,678	(87,196)	378,526	(162,496)
Total	\$ 28,187,184	\$ (20,988,350)	\$ 26,437,439	\$ (19,664,521)

- The cost of all governmental activities this year was \$28.2 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$7.2 million.
- Net cost of governmental activities of \$21.0 million was financed by general revenues, which
 are made up of primarily property taxes of \$16.0 million and state aid of \$3.6 million.
 Investment earnings accounted for \$667,005 of funding.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$10.0 million, an increase of \$20,510.

The General Fund comprises 63 percent of the total fund balance. Almost the entire General Fund's fund balance of \$6.3 million is unassigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance of \$377,129 to \$6.3 million as of fiscal year end was a result of the District adopting a deficit budget. General Fund revenues increased \$179,454 as a result of an increase in investment earnings. General Fund expenditures increased \$1.4 million as a result of an increase in salaries and benefits and entering into a finance purchase agreement for energy upgrades.

The Debt Service Fund's fund balance increased \$516,755 to \$2.3 million at fiscal year end as a result of an increase in property tax revenue, which exceeded principal and interest requirements.

Proprietary funds. Unrestricted net position of the After School Program Fund at the end of the fiscal year amounted to \$82,120. The increase of \$14,984 from the prior fiscal year was primarily due to operating revenues exceeding operating costs.

Budgetary Highlights

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. Significant budget amendments were made in Functions 34, 36, 51 and 99. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as a basic financial statement. The significant unfavorable variance of \$406,086 in facilities acquisition and construction was a result of the District not budgeting for the financed purchase of energy upgrades.

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested \$83.1 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of \$1.5 million from the prior fiscal year, primarily due to the purchase of two buses and school building improvement projects including energy upgrades, roof replacements, and HVAC replacements. Total depreciation expense for the current fiscal year was \$2.7 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended August 31, 2023 and August 31, 2022.

	As of As		As of	
Governmental Activities	Α	ugust 31, 2023	Αι	ugust 31, 2022
Land	\$	1,361,102	\$	1,361,102
Buildings and improvements		75,703,799		74,515,832
Furniture and equipment		5,864,127		5,481,520
Right to use leased assets		173,806		225,103
Less: accumulated depreciation/amortization		(25,731,489)		(23,077,411)
Total	\$	57,371,345	\$	58,506,146

Additional information on the District's capital assets can be found in Note 6.

Debt Administration. At year end, the District had \$32.4 million in long-term debt outstanding, \$1.1 million due within one year. Long-term debt decreased by \$778,944 due to the retirement of long-term debt.

Additional information on the District's long-term debt can be found in Notes 7-11.

Economic Factors and Next Year's Budget and Rates

The District's elected and appointed officials considered many factors when setting the fiscal year 2023-24 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$21.3 million for the 2023-24 fiscal year. This reflects an approximate increase of \$1.1 million in budgeted expenditures from the fiscal year 2022-23 adopted budget to fiscal year 2023-24. For the 2023-24 budget year, the District has decreased its maintenance and operations tax rate at \$0.6692 per hundred of taxable value. The District adopted a debt service tax rate of \$0.1461 for the 2023-24 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2023-24 budget year is \$0.8153 per hundred of taxable value.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the District's Business Office; La Grange Independent School District; 560 N. Monroe Street; La Grange, Texas 78945.

(This page intentionally left blank)

Basic Financial Statements

(This page intentionally left blank)

Government-Wide Financial Statements

(This page intentionally left blank)

LA GRANGE INDEPENDENT SCHOOL DISTRICT STATEMENT OF NET POSITION AUGUST 31, 2023

1	2	3
	Primary Government	

		Primary Government								
Data				Business						
Contro	1	Governmental		Type						
Codes		Activities		Activities		Total				
ASSE	TS									
1110	Cash and Cash Equivalents	\$ 10,179,435		82,323	\$	10,261,758				
1120	Investments - Current	1,042,478		-		1,042,478				
1220	Property Taxes Receivable (Delinquent)	356,599		-		356,599				
1230	Allowance for Uncollectible Taxes	(35,660		-		(35,660)				
1240	Due from Other Governments	449,235		-		449,235				
1290	Other Receivables	10,048		360		10,408				
1300	Inventories	10,772		-		10,772				
1490	Other Current Assets	66,348		-		66,348				
4.540	Capital Assets:	1 2 5 1 1 2 2				1 2 6 1 1 0 2				
1510	Land	1,361,102		-		1,361,102				
1520	Buildings and Improvements, net	54,165,841		-		54,165,841				
1530	Furniture and Equipment, net	1,754,184		-		1,754,184				
1550	Right to Use Leased Assets, net	90,218		-		90,218				
1000	Total Assets	69,450,600		82,683		69,533,283				
	RRED OUTFLOWS OF RESOURCES									
1705	Deferred Outflow Related to TRS Pensions	3,962,781		-		3,962,781				
1706	Deferred Outflow Related to TRS OPEB	835,411				835,411				
1700	Total Deferred Outflows of Resources	4,798,192		-		4,798,192				
	ILITIES									
2110	Accounts Payable	75,458		-		75,458				
2140	Interest Payable	56,006		-		56,006				
2150	Payroll Deductions and Withholdings Payable	266,911		-		266,911				
2160	Accrued Wages Payable	1,023,003		563		1,023,566				
2180	Due to Other Governments	130,449		-		130,449				
2300	Unearned Revenue	17,949		-		17,949				
	Noncurrent Liabilities:									
2501	Due Within One Year	1,051,933		-		1,051,933				
	Due in More than One Year:									
2502	Due in More Than One Year	31,360,871		-		31,360,871				
2540	Net Pension Liability (District's Share)	5,587,511		-		5,587,511				
2545	Net OPEB Liability (District's Share)	3,338,788				3,338,788				
2000	Total Liabilities	42,908,879	_	563		42,909,442				
DEFE	RRED INFLOWS OF RESOURCES									
2605	Deferred Inflow Related to TRS Pension	2,367,310		-		2,367,310				
2606	Deferred Inflow Related to TRS OPEB	6,445,532		-		6,445,532				
2600	Total Deferred Inflows of Resources	8,812,842		-		8,812,842				
NET 1	POSITION									
3200	Net Investment in Capital Assets Restricted:	24,958,541		-		24,958,541				
3820	Restricted for Federal and State Programs	472,381		-		472,381				
3850	Restricted for Debt Service	2,309,668		-		2,309,668				
3890	Restricted - Other	396,367		-		396,367				
3900	Unrestricted Net Position	(5,609,886		82,120		(5,527,766)				
3000	Total Net Position	\$ 22,527,071	\$	82,120	\$	22,609,191				

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

		Program	n Revenues
Data	1	3	4
Control			Operating
Codes		Charges for	Grants and
Coucs	Expenses	Services	Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 13,604,843	\$ 1,215,589	\$ 1,716,160
12 Instructional Resources and Media Services	193,057	-	3,000
13 Curriculum and Instructional Staff Development	709,704	-	279,597
21 Instructional Leadership	344,733	-	13,190
23 School Leadership	1,092,413	-	-
31 Guidance, Counseling, and Evaluation Services	1,466,356	-	658,030
33 Health Services	204,857	-	-
34 Student (Pupil) Transportation	889,115	-	19,836
35 Food Services	1,366,688	195,171	1,322,608
36 Extracurricular Activities	1,452,323	375,430	24.250
41 General Administration	1,001,979	39,055	34,359
51 Facilities Maintenance and Operations	2,813,264	-	976,056
52 Security and Monitoring Services 53 Data Processing Services	332,214	-	51,018
53 Data Processing Services61 Community Services	551,805	-	1 400
72 Debt Service - Interest on Long-Term Debt	1,499 1,159,741	-	1,499
73 Debt Service - Interest on Long-Term Debt 73 Debt Service - Bond Issuance Cost and Fees	1,139,741	-	-
93 Payments Related to Shared Services Arrangements	766,515		149,754
99 Other Intergovernmental Charges	235,678	-	148,482
[TG] Total Governmental Activities:	28,187,184	1,825,245	5,373,589
BUSINESS-TYPE ACTIVITIES:	-		
01 Enterprise Funds - After School Program	44,279	59,263	-
[TB] Total Business-Type Activities:	44,279	59,263	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 28,231,463	\$ 1,884,508	\$ 5,373,589
	\$ 28,231,403 ====================================	5 1,864,308	5 3,373,369
Data Control	C ID		
Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for		
DT	Property Taxes, Levied for	Debt Service	
SF	State Aid - Formula Grants		
GC	Grants and Contributions not l	Restricted	
IE M	Investment Earnings	t' . D	
MI	Miscellaneous Local and Inter	mediate Revenue	
TR	Total General Revenues		
CN	Change in Net Position	on	
NB	Net Position - Beginning		
NE	Net Position - Ending		

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Pri	mary Government Business-type Activities	8 Total
		Business-type	Total
	\$	• •	Total
Activities	\$	Activities	Total
	\$		
	\$		
\$ (10,673,094)		_	\$ (10,673,094)
(190,057)		-	(190,057)
(430,107)		-	(430,107)
(331,543)		-	(331,543)
(1,092,413)		-	(1,092,413)
(808,326)		-	(808,326)
(204,857)		-	(204,857)
(869,279)		_	(869,279)
151,091		_	151,091
(1,076,893)		_	(1,076,893)
(928,565)		_	(928,565)
(1,837,208)		_	(1,837,208)
(281,196)		_	(281,196)
(551,805)		_	(551,805)
(001,000)		_	(551,555)
(1,159,741)		_	(1,159,741)
(400)		_	(400)
(616,761)		_	(616,761)
(87,196)		-	(87,196)
(20,988,350)		-	(20,988,350)
_		14,984	14,984
		14,984	 14,984
(20,988,350)	-	14,984	 (20,973,366)
(20,700,330)	_	14,704	 (20,773,300)
13,426,705		_	13,426,705
2,566,088		_	2,566,088
3,634,212		_	3,634,212
1,018,791		-	1,018,791
667,005		_	667,005
136,696		-	136,696
21,449,497		-	21,449,497
461,147		14,984	476,131
22,065,924		67,136	22,133,060
\$ 22,527,071	\$	82,120	\$ 22,609,191

(This page intentionally left blank)

Fund Financial Statements

LA GRANGE INDEPENDENT SCHOOL DISTRICT BALANCE SHEET GOVERNMENTAL FUNDS AUGUST 31, 2023

Data			10		50		Total
Contro	ol .		General Fund		Debt Service Fund	Other Funds	Governmental Funds
	ACCETC						
1110	ASSETS Cash and Cash Equivalents	\$	6,646,244	Φ	2,081,469 \$	1,451,722 \$	10,179,435
1110	Investments - Current	Φ	873,609	Φ	168,869	1,431,722 \$	1,042,478
1220	Property Taxes - Delinquent		299,626		56,973	_	356,599
1230	Allowance for Uncollectible Taxes		(29,963)		(5,697)	_	(35,660)
1240	Due from Other Governments		82,550		8,054	358,631	449,235
1260	Due from Other Funds		132,647		-	108,130	240,777
1290	Other Receivables		7,850		-	2,198	10,048
1300	Inventories		10,772		-	, -	10,772
1490	Other Current Assets		66,348		-		66,348
1000	Total Assets	\$	8,089,683	\$	2,309,668 \$	1,920,681 \$	12,320,032
	LIABILITIES						
2110	Accounts Payable	\$	62,667	\$	- \$	12,791 \$	75,458
2150	Payroll Deductions and Withholdings Payable		266,911		-	-	266,911
2160	Accrued Wages Payable		978,265		-	44,738	1,023,003
2170	Due to Other Funds		-		-	240,777	240,777
2180	Due to Other Governments		130,449		-	-	130,449
2300	Unearned Revenue		7,990		-	9,959	17,949
2000	Total Liabilities		1,446,282		-	308,265	1,754,547
	DEFERRED INFLOWS OF RESOURCES						
2601	Unavailable Revenue - Property Taxes		269,663		51,276	-	320,939
2602	Unavailable Revenue - Intergovernmental		40,168		-	200,350	240,518
2600	Total Deferred Inflows of Resources		309,831	_	51,276	200,350	561,457
	FUND BALANCES						
	Nonspendable Fund Balance:						
3410	Inventories		10,772		-	-	10,772
3425	Endowment Principal		-		-	474,946	474,946
3430	Prepaid Items		66,348		-	-	66,348
	Restricted Fund Balance:						
3450	Federal or State Funds Grant Restriction		-		-	472,381	472,381
3480	Retirement of Long-Term Debt		-		2,258,392	-	2,258,392
3490	Other Restricted Fund Balance		-		-	396,367	396,367
2545	Committed Fund Balance:					269.722	269.722
3545 3600	Other Committed Fund Balance Unassigned Fund Balance		6,256,450		-	268,722 (200,350)	268,722 6,056,100
3000	Total Fund Balances		6,333,570		2,258,392	1,412,066	10,004,028
4000	Total Liabilities, Deferred Inflows & Fund Balances	\$	8,089,683	\$	2,309,668 \$	1,920,681 \$	12,320,032

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

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

Total governmental fund balances (Exhibit C-1)		\$ 10,00	4,028
Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets	\$ 83,102,834		
Less accumulated depreciation/amortization	(25,731,489)	57,37	1,345
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.			
Property taxes	320,939		
Intergovernmental	240,518	56	1,457
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows of resources related to pensions	3,962,781		
Deferred outflows of resources related to OPEB	835,411		
Deferred inflows of resources related to pensions	(2,367,310)		
Deferred inflows of resources related to OPEB	(6,445,532)	(4,01	4,650)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Accrued interest	(56,006)		
Other postemployment benefits payable	(3,338,788)		
Financed purchases payable	(386,086)		
Leases payable	(112,964)		
Net pension liability	(5,587,511)		
Bonds payable	(31,913,754)	(41,39	5,109)
Net position of governmental activities (Exhibit A - 1)		\$ 22,52	7,071

LA GRANGE INDEPENDENT SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

Cont	Data Control		10 General	I	50 Debt Service		Other	Total Governmental
Code	es		Fund		Fund		Funds	Funds
R	REVENUES:							
5700 5800 5900	Total Local and Intermediate Sources State Program Revenues Federal Program Revenues	\$	14,352,811 4,494,063 625,374	\$	2,712,680 77,875	\$	1,702,185 \$ 390,211 4,763,028	18,767,676 4,962,149 5,388,402
5020	Total Revenues		19,472,248		2,790,555		6,855,424	29,118,227
	EXPENDITURES:							
Е	Current:							
0011	Instruction		10,529,762		_		2,461,392	12,991,154
0011	Instructional Resources and Media Services		160,664		_		14,900	175,564
0012	Curriculum and Instructional Staff Development		351,794		_		322,469	674,263
0021	Instructional Leadership		185,184		-		138,565	323,749
0023	School Leadership		1,046,003		-		· -	1,046,003
0031	Guidance, Counseling, and Evaluation Services		462,125		-		1,014,613	1,476,738
0033	Health Services		196,799		-		-	196,799
0034	Student (Pupil) Transportation		1,085,674		-		19,836	1,105,510
0035	Food Services		-		-		1,314,734	1,314,734
0036	Extracurricular Activities		1,049,512		-		302,788	1,352,300
0041	General Administration		835,967		-		45,767	881,734
0051	Facilities Maintenance and Operations		2,296,129		-		979,491	3,275,620
0052	Security and Monitoring Services		249,299		-		51,293	300,592
0053	Data Processing Services		565,072		-		2,000	567,072
0061	Community Services		-		-		1,499	1,499
	Debt Service:							
0071	Principal on Long-Term Liabilities		63,780		925,000		-	988,780
0072	Interest on Long-Term Liabilities		11,514		1,348,400		-	1,359,914
0073	Bond Issuance Cost and Fees Capital Outlay:		-		400		-	400
0081	Facilities Acquisition and Construction Intergovernmental:		406,086		-		-	406,086
0093	Payments to Fiscal Agent/Member Districts of SSA		609,804		-		156,711	766,515
0099	Other Intergovernmental Charges		87,196		-		148,482	235,678
6030	Total Expenditures		20,192,364		2,273,800		6,974,540	29,440,704
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		(720,116)		516,755		(119,116)	(322,477)
_	•							
	OTHER FINANCING SOURCES (USES):		1 001					1.001
	Sale of Real and Personal Property		1,901 406,086		-		-	1,901
7913	Proceeds of Financed Purchase				-		-	406,086
8949	Chapter 313 Agreement Legal Expenditures		(65,000)				-	(65,000)
7080	Total Other Financing Sources (Uses)		342,987	-	-		-	342,987
1200	Net Change in Fund Balances		(377,129)		516,755		(119,116)	20,510
0100	Fund Balance - September 1 (Beginning)		6,710,699		1,741,637		1,531,182	9,983,518
3000	Fund Balance - August 31 (Ending)	\$	6,333,570	\$	2,258,392	\$	1,412,066 \$	10,004,028

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

Changes in fund balances - total governmental funds (Exhibit C-3)			\$ 20,510
Amounts reported for <i>governmental activities</i> in the Statement of Activities are different	beca	use:	
Governmental funds report the portion of capital outlay for capitalized assets as expenditule However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.	ires.		
Expenditures for capitalized assets Less current year depreciation/amortization	\$	1,570,574 (2,705,375)	(1,134,801)
Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.			(406,086)
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes Intergovernmental		(168,006) 240,518	72,512
Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.			
Financed purchase principal retirement Lease principal retirement Bond principal retirement		20,000 43,780 925,000	988,780
The net change in net pension/OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:			
Pension deferred outflows increased Pension deferred inflows decreased Net pension liability (increased) OPEB deferred outflows (decreased) OPEB deferred inflows (increased) Net OPEB liability decreased		2,429,087 720,742 (3,266,029) (116,250) (1,121,631) 2,074,140	720,059
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Accrued interest Amortization of deferred bond items		3,923 196,250	 200,173
Changes in net position in governmental activities (Exhibit B-1)			\$ 461,147

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

Data Control Codes		Budgete	d Amo	ounts	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or		
Code	es —	Original		Final			(Negative)	
R	REVENUES:							
5700 5800		\$ 14,188,899 4,022,594 600,000	ļ	14,286,594 4,327,594 602,305	\$ 14,352,811 4,494,063 625,374	\$	66,217 166,469 23,069	
5020	Total Revenues	18,811,493	3	19,216,493	19,472,248		255,755	
E	EXPENDITURES:							
	Current:							
0011	Instruction	10,762,431		10,734,474	10,529,762		204,712	
0012	Instructional Resources and Media Services	192,535	5	161,390	160,664		726	
0013	Curriculum and Instructional Staff Development	358,985		363,110	351,794		11,316	
0021	Instructional Leadership	163,875		188,875	185,184		3,691	
0023	School Leadership	1,003,615		1,063,755	1,046,003		17,752	
0031	Guidance, Counseling, and Evaluation Services	533,380		469,180	462,125		7,055	
0033	Health Services	190,350		207,350	196,799		10,551	
0034	Student (Pupil) Transportation	861,995		1,105,552	1,085,674		19,878	
0036	Extracurricular Activities	907,035		1,069,227	1,049,512		19,715	
0041	General Administration	859,250		855,750	835,967		19,783	
0051	Facilities Maintenance and Operations	2,605,210		2,416,812	2,296,129		120,683	
0052 0053	Security and Monitoring Services Data Processing Services	297,350 487,669		266,350 514,169	249,299 565,072		17,051 (50,903)	
	Debt Service:	407,002	•	314,107	303,072		(30,703)	
		44,800	`	44,800	63,780		(18,980)	
0071 0072	Principal on Long-Term Liabilities Interest on Long-Term Liabilities	8,000		8,000	11,514		(3,514)	
	Capital Outlay:	0,000	,	0,000	11,511		(3,311)	
0081	Facilities Acquisition and Construction Intergovernmental:	1,000)	-	406,086		(406,086)	
0093	Payments to Fiscal Agent/Member Districts of SS	SA 609,500)	609,804	609,804		_	
0099	Other Intergovernmental Charges	332,797	7	141,179	87,196		53,983	
6030	Total Expenditures	20,219,777		20,219,777	20,192,364		27,413	
1100	Excess (Deficiency) of Revenues Over (Under)	(1,408,284	.)	(1,003,284)	(720,116)		283,168	
_	Expenditures							
	OTHER FINANCING SOURCES (USES):							
7912	Sale of Real and Personal Property	-		-	1,901		1,901	
7913	Proceeds of Financed Purchase	-		-	406,086		406,086	
8949	Chapter 313 Agreement Legal Expenditures	-		-	(65,000)		(65,000)	
7080	Total Other Financing Sources (Uses)	-		-	342,987		342,987	
1200	Net Change in Fund Balances	(1,408,284	.)	(1,003,284)	(377,129)		626,155	
0100	Fund Balance - September 1 (Beginning)	6,710,699)	6,710,699	6,710,699		-	
3000	Fund Balance - August 31 (Ending)	\$ 5,302,415	5 \$ = =	5,707,415	\$ 6,333,570	\$	626,155	

LA GRANGE INDEPENDENT SCHOOL DISTRICT STATEMENT OF NET POSITION PROPRIETARY FUNDS AUGUST 31, 2023

		iness-Type activities		
	Total			
	En	Enterprise		
		Funds		
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$	82,323		
Other Receivables		360		
Total Assets		82,683		
LIABILITIES				
Current Liabilities:				
Accrued Wages Payable		563		
Total Liabilities		563		
NET POSITION				
Unrestricted Net Position		82,120		
Total Net Position	\$	82,120		

LA GRANGE INDEPENDENT SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

	Business-Type Activities
	Total
	Enterprise
	Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 59,263
Total Operating Revenues	59,263
OPERATING EXPENSES:	
Payroll Costs	43,885
Supplies and Materials	394
Total Operating Expenses	44,279
Operating Income	14,984
Total Net Position - September 1 (Beginning)	67,136
Total Net Position - August 31 (Ending)	\$ 82,120

LA GRANGE INDEPENDENT SCHOOL DISTRICT STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2023

		isiness-Type Activities
		Total
	I	Enterprise
		Funds
Cash Flows from Operating Activities:		
Cash Received from User Charges	\$	59,263
Cash Payments to Employees for Services		(43,808)
Cash Payments for Suppliers		(394)
Net Cash Provided by Operating Activities		15,061
Net Increase in Cash and Cash Equivalents		15,061
Cash and Cash Equivalents at Beginning of Year		67,262
Cash and Cash Equivalents at End of Year	\$	82,323
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		11001
Operating Income:	\$	14,984
Effect of Increases and Decreases in Current		
Assets and Liabilities:		
Increase (decrease) in Accrued Wages Payable		77
Net Cash Provided by Operating Activities	\$	15,061

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

	Private				
	Purpo	e		Custodial	
	Trust F	Trust Fund		Fund	
ASSETS					
Cash and Cash Equivalents	\$ 415.	774	\$	195,333	
Total Assets	415,	774	\$	195,333	
LIABILITIES					
Accounts Payable				733	
Total Liabilities				733	
NET POSITION					
Restricted for Campus Activities		-		194,600	
Restricted for Scholarships	415.	774	_	-	
Total Net Position	\$ 415,	774	\$	194,600	

LA GRANGE INDEPENDENT SCHOOL DISTRICT STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

		Private Purpose		
	Tr	Fund		
ADDITIONS:				
Fundraising Activities	\$	-	\$	202,343
Interest, Dividends, and Other		37,022		-
Other Contributions		298,397		-
Total Additions		335,419		
DEDUCTIONS:				
Supplies and Materials		-		208,103
Other Operating Costs		63,302		1,867
Total Deductions		63,302		209,970
Change in Fiduciary Net Position		272,117		(7,627)
Total Net Position - September 1 (Beginning)		143,657		202,227
Total Net Position - August 31 (Ending)	\$	415,774	\$	194,600

(This page intentionally left blank)

Note 1 – Summary of Significant Accounting Policies

The financial statements of the La Grange Independent School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended August 31, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement increases the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for SBITAs. This Statement also requires a government to disclose essential information about the arrangement. The District's analysis of SBITAs in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

This report includes those activities, organizations and functions related to La Grange Independent School District, which are controlled by or dependent upon the District's governing body, the Board of Trustees (Board). The Board, a seven-member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing board is financially accountable.

The District's major operations include education, student transportation, construction and maintenance of District facilities, food services, and athletic functions.

Note 1 – Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted grants, state aid, and other items not included among program revenues are reported instead as general revenues.

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

Government-Wide Financial Statements — The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

<u>Fund Financial Statements</u> — Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

Note 1 – Summary of Significant Accounting Policies

Property taxes, state aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Separate financial statements are presented for governmental funds and proprietary funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The District reports the following major governmental funds:

<u>General Fund</u> – The General Fund is the District's primary operating fund. It accounts for financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

<u>Debt Service Fund</u> – The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. The District adopts a budget for the Debt Service Fund.

Additionally, the District reports the following fund types:

<u>Proprietary Fund</u> – The Proprietary Fund is an Enterprise Fund which is used to account for operations of the District whereby individuals or others are charged a fee for a specific benefit or service and there is a desire to measure a specific gain or loss on the activity.

<u>Private Purpose Trust Fund</u> – The Private Purpose Trust Fund is a fiduciary fund used to account for donations for which the donors have 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.

<u>Custodial Fund</u> – The Custodial Fund is a fiduciary fund used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

Note 1 – Summary of Significant Accounting Policies

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting and are presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are fees for after school care. Operating expenses for the enterprise fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgetary Information

Budgets are prepared annually for the General Fund, the Child Nutrition Fund, and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of August and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

E. Cash and Investments

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash in bank.

The District's investment policies and types of investments are governed by §2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 4 — Cash and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost.

Note 1 – Summary of Significant Accounting Policies

F. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in local and intermediate sources revenue in the governmental fund financial statements and in nonoperating revenues in the proprietary fund financial statements.

G. Receivables and Payables

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

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

H. Property Taxes

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Fayette County Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Fayette County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 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 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year.

The assessed value at January 1, 2022, upon which the October 2022 levy was based was \$1,595,309,802. The District levied taxes based on a combined tax rate of \$1.0171 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

Note 1 – Summary of Significant Accounting Policies

Delinquent taxes, when received, are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon 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.

I. Inventory

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

The United States Department of Agriculture (USDA) commodity portion of the food services inventory consists of food donated by the USDA. It is valued at estimated market prices paid by the USDA.

J. Prepaid Items

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

K. Capital Assets

Capital assets, which include land; buildings and improvements; vehicles, furniture, and equipment; construction in progress; and intangible right-to-use assets, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than two years. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 the life of the asset are not capitalized.

Note 1 – Summary of Significant Accounting Policies

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to-use assets are amortized over the shorter of the lease/subscription term or the underlying asset's useful life. The estimated useful lives and amortization periods are as follows:

Buildings and improvements	10 – 40 years
Furniture and equipment	5 – 20 years
Vehicles	5 – 10 years
Intangible right-to-use assets	5 years

L. Deferred Outflows/Inflows of Resources

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

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

M. Accumulated Sick Leave Liability

The State of Texas (the "State") has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

N. Leases

As lessee, the District recognizes lease liabilities with an initial, individual value of \$5,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease.

O. 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 fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 – Summary of Significant Accounting Policies

P. Other Postemployment Benefits

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

Q. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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.

R. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

S. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

Note 1 – Summary of Significant Accounting Policies

T. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

U. Data Control Codes

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

Note 2 – Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Commitments may be established, modified, or rescinded only through a resolution approved by the Board of Trustees.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Trustees or a management official delegated that authority by the formal Board of Trustees action. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose.

Note 2 – Fund Balance Classifications

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Stewardship, Compliance and Accountability

<u>Individual Deficit Fund Balances</u> – At year end, the following individual non-major governmental funds reported deficits in fund balance.

	 Deficit
Non-Major Governmental Funds:	
Title I	\$ (80,387)
Title II	(2,283)
SSA IDEA	(100,965)
SSA IDEA Preschool	(6,957)
State Instructional Materials	(9,758)

The deficits arose because of pending grant reimbursements. Additional revenues received in fiscal year 2023-24 are expected to eliminate the deficits

Excess Expenditures Over Budget — At year end, the District had expenditures in the General Fund that exceeded the budget at a functional level, however, this does not constitute a violation of any legal provisions. Data processing services was over budget by \$50,903 due to not budgeting for on behalf E-rate expenditures. Facilities Acquisition and Construction was over budget by \$406,086 due to the District not budgeting for the issuance of a financed purchase, which is offset by other financing proceeds. Similarly, principal and interest was over budget by \$18,980 and \$3,514, respectively due to accounting for financed purchase debt service expenditures in another function.

Note 4 – Cash and Investments

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and custodial funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

Custodial Credit Risk – Deposits. The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-today basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk. Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At year end, the carrying amount of the District's deposits was \$10,872,865 and the bank balance was \$11,379,613. The District's deposits with financial institutions at August 31, 2023 and during the year ended August 31, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

Note 4 – Cash and Investments

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: Fayette Savings Bank, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$20,578,659.
- c) The largest cash, savings and time deposit combined account balance amounted to \$18,863,823 and occurred during the month of March 2023.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Fair Value Measurements. The District categorizes its fair value measurements within 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

At year end, the District's investments consisted of the following:

	Average Maturities	Fair Value
Lone Star Investment Pool	21 days	\$ 1,042,477

Lone Star (First Public)

The Government Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to provide safety of principal, daily liquidity, and the highest possible rate of return. The fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 60 days or fewer. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

The Lone Star Investment Pool is sponsored by TASB. The investment advisors to the pool are American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool's operations and performance and reports its findings to First Public and the Board of Trustees for the Lone Star Investment Pools.

Note 4 – Cash and Investments

Interest Rate Risk. As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2023, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy. The Lone Star Investment Pool was rated AAAm by Standard and Poor's at year end.

Custodial Credit Risk – Investments. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2023, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2023, the District had 100% of its investments in local governmental investment pools.

Note 5 – Receivables

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District's individual major funds and non-major governmental funds in the aggregate were as follows:

	General		Debt Service		(Other Funds
Due from other governmental entities:						
Due from County	\$	82,550	\$	8,054	\$	
Due from State grants						12,352
Due from Federal grants						346,279
Net due from governmental entities	\$	82,550	\$	8,054	\$	358,631

Note 6 – Capital Assets

A summary of capital asset activity for the current fiscal year follows:

		Beginning			Ending
Governmental Activities		Balance	 Increase	Decrease	Balance
Capital assets, not being depreciated:					
Land	\$	1,361,102	\$ 	\$	\$ 1,361,102
Total capital assets, not being depreciated		1,361,102	 		 1,361,102
Capital assets, being depreciated:					
Buildings and improvements		74,515,832	1,187,967		75,703,799
Vehicles, furniture and equipment		5,481,520	 382,607		 5,864,127
Total capital assets being depreciated		79,997,352	 1,570,574		 81,567,926
Less accumulated depreciation for:					
Buildings and improvements		(19,205,905)	(2,332,053)		(21,537,958)
Vehicles, furniture and equipment		(3,781,643)	 (328,300)		 (4,109,943)
Total accumulated depreciation	_	(22,987,548)	 (2,660,353)		 (25,647,901)
Total capital assets, being depreciated, net		57,009,804	(1,089,779)		55,920,025
Intangible right-to-use assets:					
Leased vehicles, furniture and equipment		225,103		51,297	173,806
Less accumulated amortization	_	(89,863)	 (45,022)	(51,297)	 (83,588)
Total intangible right-to-use assets, net		135,240	 (45,022)		 90,218
Governmental activities capital assets, net	\$	58,506,146	\$ (1,134,801)	\$	\$ 57,371,345

Depreciation and amortization expense were charged to governmental functions as follows:

Instruction	\$ 1,366,490
Instructional Resources & Media Serevices	18,469
Curriculum & Instructional Staff Development	71,422
Instructional Leadership	33,629
School Leadership	111,581
Guidance, Counseling & Evaluation Svcs.	155,896
Health Services	20,703
Student Transportation	115,929
Food Services	136,557
Extracurricular Activities	149,062
General Administration	94,152
Facilities Maintenance and Operations	346,763
Security and Monitoring Services	31,622
Data Processing Services	 53,100
Total depreciation expense – governmental activities	\$ 2,705,375

Note 7 - Financed Purchases Payable

The District has acquired energy upgrades to District buildings under the provisions of a contract classified as a financed purchase payable. Revenues from the General Fund are used to pay the debt obligation.

Annual debt service requirements to maturity on financed purchases payable at year end are summarized as follows:

	Governmental Activities					
Year ending June 30:		Principal		Interest		
2024	\$	45,115	\$	13,110		
2025		46,737		11,487		
2026		48,419		9,805		
2027		50,160		8,064		
2028		51,965		6,259		
2029-33		143,690		7,370		
Total	\$	386,086	\$	56,095		

Note 8 – Leases Payable

The District has acquired copiers under the provisions of contracts classified as leases. The related obligations under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. The leases are payable in monthly installments of \$33 to \$303 at an interest rate of 5.6 - 6.7 percent. Revenues from the General Fund are used to pay the lease obligations. Amortization of right-to-use assets recorded under leases is included with depreciation expense.

The net present value and future minimum lease payments at year end were as follows:

	Governmental Activities					
Year ending June 30:		Principal		Interest		
2024	\$	36,818	\$	5,432		
2025		30,388		3,487		
2026		30,074		1,812		
2027		15,684		259		
Total	\$	112,964	\$	10,990		

Note 8 – Leases Payable

The right-to-use assets recorded under leases that meet the District's capitalization threshold are as follows:

	Gov	Governmental			
	A	ctivities			
Asset:					
Vehicles, furniture and equipment	\$	173,806			
Less: Accumulated amortization		83,588			
Total	\$	90,218			

Note 9 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund are used to pay bonded debt. 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.

	Original		Outstanding						
	Amount	Interest	Remaining	Principal	Due Within				
Purpose	Issued	Rates	Maturities	August 31, 2023	One Year				
Governmental activities:									
School Building Bonds, Series 2017	\$ 33,365,000	4-5%	8/15/24-42	\$ 28,185,000	\$ 970,000				

Annual debt service requirements to maturity on general obligation bonds at year end are summarized as follows:

			Governmental Activities					
Year ending June 30:			Principal		Interest			
	2024		\$	970,000	\$	1,302,150		
	2025			1,010,000		1,263,350		
	2026			1,050,000		1,222,950		
	2027			1,095,000		1,180,950		
	2028			1,135,000		1,137,150		
	2029-33			6,530,000		4,837,750		
	2034-38			8,320,000		3,050,200		
	2039-43			8,075,000		1,013,100		
Total			\$	28,185,000	\$	15,007,600		

Note 10 – Changes in Long-Term Liabilities

Long-term liability activity for the current fiscal year was as follows:

	Beginning				Ending			Due Within		
		Balance		Additions		Reductions		Balance		One Year
Governmental activities:										
Bonds payable:										
General obligation bonds	\$	29,110,000	\$		\$	925,000	\$	28,185,000	\$	970,000
Premium		3,925,004				196,250		3,728,754		
Total bonds payable		33,035,004				1,121,250		31,913,754		970,000
Financed purchases payable				406,086		20,000		386,086		45,115
Leases payable		156,744				43,780		112,964		36,818
Net OPEB liability		5,412,928				2,074,140		3,338,788		
Net pension liability		2,321,482		3,266,029				5,587,511		
Total long-term liabilities	\$	40,926,158	\$	3,672,115	\$	3,259,170	\$	41,339,103	\$	1,051,933

Note 11 – Interfund Receivables and Payables

At year end, interfund balances were as follows:

Due to/from other funds – At year end, the General Fund and several non-major governmental funds had negative cash balances of \$240,777 in the District's pooled cash accounts. Negative cash was reduced by interfund borrowing with the General Fund and SSA Special Education Fund, a non-major governmental fund, in amounts of \$132,647 and \$108,130, respectively. All interfund balances are expected to be paid within one year.

Note 12 – Contingent Liabilities

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

Note 13 - Risk Management

The District is a member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The District participates in the Property, Liability, Auto, Workers' Compensation, and Unemployment Compensation Programs. For the Property, Liability, Auto, and Workers' Compensation programs, the Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. The Unemployment Compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation program members. For the year ended August 31, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payments of contributions for all programs in which it participates. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance.

Employees of District were covered by the TRS-Active Care health insurance plan. All contributions were paid to a self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2023, 2022, and 2021, the subsidy payments received by TRS-Care on-behalf of the District were \$72,849 \$54,818, and \$57,501, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 14 – Teacher Retirement System of Texas 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, §822.002 are covered by the system.

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

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees and their beneficiaries of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered 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.

Note 14 – Teacher Retirement System of Texas Pension Plan

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 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year.

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

	Fiscal Year					
Contribution Rates		2023	2022			
Member		8.00%	8.00%			
Non-employer contributing entity (State)		8.00%	7.75%			
Employer		8.00%	7.75%			
Contribution Amounts						
Member	\$	1,068,956				
Non-employer contributing entity (State)		816,159				
District		507,956				

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

Note 14 – Teacher Retirement System of Texas Pension Plan

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

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

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

Actuarial valuation date August 31, 2021 Actuarial roll forward date August 31, 2022

Actuarial cost method Individual entry age normal

Asset valuation method Fair value
Single discount rate 7.00%
Long-term expected rate 7.00%
Municipal bond rate 3.91%
Inflation 2.30%

Projected salary increases 2.95-8.95% including inflation

Ad hoc post-employment benefit changes None

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

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

Note 14 – Teacher Retirement System of Texas Pension Plan

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

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

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity	Target Anocation 70	Return	Returns
USA	18.00 %	4.60 %	1.12 %
Non-US 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 Funds	5.00	3.40	0.18
Real Return			
Real Estate	15.00	4.10	0.94
Energy, Natural Resources & Infrastructure	6.00	5.10	0.37
Commodities	0.00	3.60	0.00
Risk Parity	8.00	4.60	0.43
Asset Allocation Leverage			
Cash	2.00	3.00	0.01
Asset Allocation Leverage	(6.00)	3.60	(0.05)
Inflation Expectation			2.70
Volatility Drag****			(0.91)
Expected Return	100.00 %		8.19 %
*Absolute Return includes Credit Sensitive Investments.			
**Target allocations are based on the FY2022 policy mode	el.		
***Capital Market Assumptions come from Aon Hewitt (a	as of 8/31/2022).		
****The volatility drag results from the conversion between	een arithmetic and geometric me	ean returns.	

Note 14 – Teacher Retirement System of Texas Pension Plan

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

		Current								
	19	6 Decrease Discount Rate			1% Increase					
Rate		6.0%		7.0%		8.0%				
Net liability	\$	8.692.049	Ś	5.587.511	Ś	3.071.138				

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

On August 31, 2022, the District reported a liability of \$5,587,511 for its proportionate share of the TRS 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	\$ 5,587,511
State's proportionate share that is associated with District	 9,611,642
Total	\$ 15,199,153

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

On August 31, 2022, the District's proportion of the collective net pension liability was 0.009412% which was an increase of 0.0003% 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.

Note 14 – Teacher Retirement System of Texas Pension Plan

For the year ended August 31, 2022, the District recognized pension expense of \$1,542,920 and revenue of \$918,764 for support provided by the State.

On August 31, 2022, 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		Deferred		
	Outflows of		Inflows of		
	Resources			Resources	
Differences between expected and actual experience	\$	81,018	\$	121,818	
Changes of assumptions or other inputs		1,041,135		259,480	
Net difference between projected and actual earnings on pension investments		2,170,972		1,618,944	
Changes in proportion and differences between contributions and proportionate share of contributions		161,700		367,068	
Contributions subsequent to the measurement date		507,956			
Total	\$	3,962,781	\$	2,367,310	

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

Year Ending June 30:	
2024	\$ 315,476
2025	93,139
2026	(19,242)
2027	608,416
2028	89,726

Note 15 – Other Post-Employment Benefits (OPEB) Plan – TRS-Care

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

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

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

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs. The premium rates for retirees are reflected in the following table.

TRS-Care Monthly Premium Rates					
	Medicare		Non-Medicare		
Retiree or Surviving Spouse	\$	135	\$	200	
Retiree and Spouse		529		689	
Retiree or Surviving Spouse					
and Children		468		408	
Retiree and Family		1,020		999	

Note 15 – Other Post-Employment Benefits (OPEB) Plan – TRS-Care

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates. Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	 Fiscal Year		
Contribution Rates	 2023	2022	
Member	0.65%	0.65%	
Non-employer contributing entity (State)	1.25%	1.25%	
Employer	0.75%	0.75%	
Federal/private funding remitted by employers	1.25%	1.25%	
Contribution Amounts			
Member	\$ 86,853		
Non-employer contributing entity (State)	167,024		
District	131,231		

^{*} Contributions paid from federal funds and private grants are remitted by the employer

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

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

Note 15 – Other Post-Employment Benefits (OPEB) Plan – TRS-Care

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

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

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

Additional Actuarial Methods and Assumptions:

Actuarial valuation date August 31, 2021 Actuarial roll forward date August 31, 2022

Actuarial cost method Individual entry age normal

Single discount rate 3.91% Inflation 2.30%

Aging factors Based on plan specific experience

Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.

Salary increases 3.05% to 9.05%, including inflation

Ad hoc post-employment benefit

Expenses

changes None

Election Rates: Normal Retirement – 62 percent participation rate prior to age 65 and 25 percent participation rate after age 65. Pre-65 retirees – 30 percent are assumed to discontinue coverage at age 65.

Healthcare Trend Rates: The initial medical trend rates were 8.25 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. The initial prescription drug trend rate was 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.

Note 15 – Other Post-Employment Benefits (OPEB) Plan – TRS-Care

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

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

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

				Current		
	19	6 Decrease	Dis	scount Rate	19	% Increase
Rate		2.91%		3.91%		4.91%
Net liability	\$	3,936,696	\$	3,338,788	\$	2,854,406

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

On August 31, 2022, the District reported a liability of \$3,338,788 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 3,338,788
State's proportionate share that is associated with District	4,072,797
Total	\$ 7,411,585

Note 15 – Other Post-Employment Benefits (OPEB) Plan – TRS-Care

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 OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

On August 31, 2023 the employer's proportion of the collective Net OPEB Liability was 0.01394%, compared to 0.01403% as of August 31, 2022.

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

				Current		
			Hea	Ithcare Cost		
	19	6 Decrease	T	rend Rate	19	% Increase
Net liability	\$	2,751,176	\$	3,338,788	\$	4,100,551

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

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

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

For the year ended August 31, 2023, the District recognized OPEB expense of (\$1,282,991) and revenue of (\$577,963) for support provided by the State.

Note 15 – Other Post-Employment Benefits (OPEB) Plan – TRS-Care

On August 31, 2022, 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		Deferred
	Οι	ıtflows of	I	nflows of
	Re	esources	F	Resources
Differences between expected and actual experience	\$	185,625	\$	2,781,510
Changes of assumptions or other inputs		508,564		2,319,591
Net difference between projected and actual earnings		9,981		36
Changes in proportion and differences between contributions and proportionate share of contributions		10		1,344,395
Contributions subsequent to the measurement date		131,231		
Total	\$	835,411	\$	6,445,532

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

2024	\$ (1,083,954)
2025	(1,083,918)
2026	(942,334)
2027	(750,649)
2028	(674,889)
Thereafter	(1,205,608)

Note 16 - Shared Services Arrangement - Fiscal Agent

<u>Shared Services Arrangement – Fiscal Agent</u>

The District is the fiscal agent for two Shared Services Arrangements (SSA) which provides special education and Medicaid reimbursement services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in the FASRG, the District has accounted for the fiscal agent's activities using Model 1 and Model 2 for the Special Education Program and Medicaid reimbursement services and Model 2 for the Alternative Education Program.

The SSAs grouped by the accounting model are listed below:

Model #1	
IDEA – Part B, Formula (Fund 313)	3 Member Districts
IDEA – Part B, Preschool (Fund 314)	3 Member Districts
IDEA – Part B, Discretionary (Fund 315)	3 Member Districts
IDEA – Part B, Preschool ARP (Fund 365)	3 Member Districts
Model #2	
Special Education Cooperative (Fund 437)	3 Member Districts
County-Wide Alternative Education Program (Fund 459)	5 Member Districts

Expenditures of the SSAs are summarized below:

		313		314		315		365		437	, 459 ,						
	SSA, I	DEA-Part B,	SS	A, IDEA-Part B,	SSA	, IDEA-Part B,	SSA	, IDEA-Part B,	SSA	A, Special Ed.	Alternative						
Member Districts	F	ormula		Preschool	D	iscretionary	Preschool - ARP		Preschool - ARP		Preschool - ARP		Preschool - ARP		C	ooperative	Education
La Grange ISD Smithville ISD	\$	447,409 397,379	\$	8,557 7,601	\$	16,382	\$	4,229 3,756	\$	603,386 535,915	\$ 15,948						
Fayetteville ISD Flatonia ISD Schulenburg ISD		45,741		875				432		61,688	19,300 19,300 19,300						
Round Top-Carmine ISD Totals	\$	890,529	\$	17,033	\$	16,382	\$	8,417	\$	1,200,989	\$ 19,300 93,148						

Note 17 – Subsequent Event

The Colorado River Cooperative Shared Service Arrangement was terminated as of August 31, 2023. The net assets will be returned to the member Districts during fiscal year 2024.

(This page intentionally left blank)

Required Supplementary Information

LA GRANGE 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

	_ F	FY 2023 Plan Year 2022	P	FY 2022 Plan Year 2021	P	FY 2021 lan Year 2020
District's Proportion of the Net Pension Liability (Asset)		0.009411746%		0.00911584%		0.00960648%
District's Proportionate Share of Net Pension Liability (Asset)	\$	5,587,511	\$	2,321,482	\$	5,145,035
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District		9,611,642		4,449,234		9,679,508
Total	\$	15,199,153	\$	6,770,716	\$	14,824,543
District's Covered Payroll	\$	13,037,371	\$	12,764,418	\$	13,005,417
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		42.86%		18.19%		39.56%
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.

_								
	FY 2020 Plan Year 2019	_]	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	 FY 2017 Plan Year 2016	 FY 2016 Plan Year 2015		FY 2015 Plan Year 2014
	0.010249676%		0.010665538%	0.010723325%	0.009307285%	0.009965%		0.0049717%
\$	5,328,102	\$	5,870,571	\$ 3,428,741	\$ 3,517,084	\$ 3,522,495	\$	1,328,010
	9,144,706		10,293,749	6,121,056	8,057,491	7,974,397		7,109,562
\$	14,472,808	\$	16,164,320	\$ 9,549,797	\$ 11,574,575	\$ 11,496,892	\$	8,437,572
\$	12,275,806	\$	12,113,364	\$ 11,867,523	\$ 11,798,094	\$ 11,820,897	\$	11,527,863
	43.40%		48.46%	28.89%	29.81%	29.80%		11.52%
	75.24%		73.74%	82.17%	78.00%	78.43%		83.25%

LA GRANGE INDEPENDENT SCHOOL DISTRICT SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE FISCAL YEAR ENDED AUGUST 31, 2023

	 2023	2022	2021
Contractually Required Contribution	\$ 507,956 \$	436,896 \$	390,041
Contribution in Relation to the Contractually Required Contribution	(507,956)	(436,896)	(390,041)
Contribution Deficiency (Excess)	\$ - \$	- \$	
District's Covered Payroll	\$ 13,361,952 \$	13,037,371 \$	12,764,418
Contributions as a Percentage of Covered Payroll	3.80%	3.35%	3.06%

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		
\$ 384,309 \$	358,422 \$	353,556 \$	351,233	\$	280,027	\$	252,760	
(384,309)	(358,422)	(353,556)	(351,233))	(280,027)		(252,760)	
\$ - \$	- \$	<u> </u>	-	\$	-	\$	-	
\$ 13,005,417 \$	12,275,806 \$	12,113,364 \$	11,867,523	\$	11,798,094	\$	11,820,897	
2.95%	2.92%	2.92%	2.96%	,)	2.37%		2.14%	

LA GRANGE 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

	F	FY 2023 Plan Year 2022	_	FY 2022 Plan Year 2021	I	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits		0.01394415%		0.014032411%		0.014878895%
District's Proportionate Share of Net OPEB Liability (Asset)	\$	3,338,788	\$	5,412,928	\$	5,656,140
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District		4,072,797		7,252,117		7,600,496
Total	\$	7,411,585	\$	12,665,045	\$	13,256,636
District's Covered Payroll	\$	13,037,371	\$	12,764,418	\$	13,005,417
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll		25.61%		42.41%		43.49%
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.

I	FY 2020 Plan Year 2019	I	FY 2019 Plan Year 2018	I	FY 2018 Plan Year 2017
	0.014891721%		0.015805013%		0.017866859%
\$	7,042,476	\$	7,891,588	\$	7,769,627
	9,357,877		10,142,111		8,909,955
\$	16,400,353	\$	18,033,699	\$	16,679,582
\$	12,275,806	\$	12,113,364	\$	11,867,523
	57.37%		65.15%		65.47%
	2.66%		1.57%		0.91%

LA GRANGE INDEPENDENT SCHOOL DISTRICT SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB) TEACHER RETIREMENT SYSTEM OF TEXAS FOR THE FISCAL YEAR ENDED A UGUST 31, 2023

	 2023	2022	2021
Contractually Required Contribution	\$ 131,231 \$	113,100 \$	109,754
Contribution in Relation to the Contractually Required Contribution	(131,231)	(113,100)	(109,754)
Contribution Deficiency (Excess)	\$ - \$	- \$	-
District's Covered Payroll	\$ 13,361,952 \$	13,037,371 \$	12,764,418
Contributions as a Percentage of Covered Payroll	0.98%	0.87%	0.86%

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	 2017
\$ 113,066	\$ 105,669	\$ 111,082	\$ 78,950
(113,066)	(105,669)	(111,082)	(78,950)
\$ -	\$ -	\$ -	\$ -
\$ 13,005,417	\$ 12,275,806	\$ 12,113,364	\$ 11,867,523
0.87%	0.86%	0.92%	0.67%

La Grange Independent School District Notes to Required Supplementary Information August 31, 2023

Note 1 – Teacher Retirement System

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends.

- 2022 The discount rate changed from 7.25% to 7.00%.
- 2021 The public education employer contribution ratechanged from 1.5% in 2020 to 1.6% in 2021.
- 2020 The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.
- 2018 The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Note 2 – Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends.

- 2022 The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.
- 2021 The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.
- 2020 The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.
- 2019 The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.
- 2018 The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Combining and Individual Fund Financial Statements and Schedules

(This page intentionally left blank)

Governmental Funds

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

Data Contro Codes	I		211 ESEA, Title I, Part A	225 IDEA - Part B Preschool		240 National Breakfast and Lunch Program	
Α	SSETS						
1110	Cash and Cash Equivalents	\$	-	\$	-	\$	383,872
1240	Due from Other Governments		119,768		-		98,734
1260	Due from Other Funds		=		-		=
1290	Other Receivables		-		-		1,285
1000	Total Assets	\$	119,768	\$	-	\$	483,891
L	IABILITIES						_
2110	Accounts Payable	\$	548	\$	_	\$	28
2160	Accrued Wages Payable		33,461		-		2,689
2170	Due to Other Funds		85,759		-		8,793
2300	Unearned Revenue		-		-		-
2000	Total Liabilities		119,768		-		11,510
Г	EFERRED INFLOWS OF RESOURCES						
2602	Unavailable Revenue - Intergovernmental		80,387		-		-
2600	Total Deferred Inflows of Resources		80,387		-		-
F	UND BALANCES						
	Nonspendable Fund Balance:						
3425	Endowment Principal		_		_		=
	Restricted Fund Balance:						
3450	Federal or State Funds Grant Restriction		_		_		472,381
3490	Other Restricted Fund Balance		_		_		-
	Committed Fund Balance:						
3545	Other Committed Fund Balance		_		_		_
3600	Unassigned Fund Balance		(80,387)		-		=
3000	Total Fund Balances	<u> </u>	(80,387)			_	472,381
1000	Total Liabilities, Deferred Inflows & Fund Balances	\$	119,768	\$	_	\$	483,891

7	255 ESEA, Fitle II, Part A		263 itle III, Part A	ES Emer	66 SER rgency f Fund	T	279 SER III CLAS RP Act	ESSI Hon	80 ER III neless Idren	ESS CRRS	81 ER II SA Act emental	ESS	82 ER III P Act	Othe S	289 or Federal pecial nue Funds
\$	- 13,996	\$	3,135	\$	-	\$	- 2,216	\$	-	\$	-	\$	-	\$	8,297
	-		-		-		-		-		-		-		-
<u></u>	12.006	Φ.	2 125	Φ.	-		- 2216	Φ.	-	<u> </u>	=	<u> </u>	=	<u> </u>	- 0.207
\$	13,996	\$	3,135	\$	-	\$	2,216	\$		\$	-	\$	-	\$	8,297
\$	- 87	\$	- -	\$	-	\$	-	\$	- -	\$	-	\$	- -	\$	- -
	13,909		3,135		-		2,216		-		-		-		-
	13,996		3,135		-		2,216		-		-	· -	-		8,297 8,297
	13,990		3,133		-		2,210		-	-	_	-	-	-	0,297
	2,283		_		-		-		-		-		-		-
	2,283				-				-		=		-		-
	-		-		-		-		-		-		-		-
	-		-		-		-		-		-		-		-
	-		-		=		-		-		-		-		-
	-		-		-		-		-		-		-		-
	(2,283)		-		-				-	<u> </u>	=		-	<u> </u>	-
	(2,283)		-		-				-	-	-	-	-		
\$	13,996	\$	3,135	\$	-	\$	2,216	\$	-	\$	-	\$	-	\$	8,297

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

_			313	3	314	3	15		365
Data			SSA	S	SSA	S	SA	SSA	IDEA, B
Contro	ol .	ID	EA, Part B	IDEA	, Part B	IDEA,	Part B	P	reschool
Codes]	Formula	Pre	school	Discre	tionary	A	RP Act
A	ASSETS								
1110	Cash and Cash Equivalents	\$	-	\$	-	\$	-	\$	-
1240	Due from Other Governments		101,473		6,957		-		-
1260	Due from Other Funds		-		-		-		-
1290	Other Receivables		-		-		-		-
1000	Total Assets	\$	101,473	\$	6,957	\$	-	\$	
Ι	IABILITIES								
2110	Accounts Payable	\$	300	\$	-	\$	-	\$	-
2160	Accrued Wages Payable		-		-		-		-
2170	Due to Other Funds		101,173		6,957		-		-
2300	Unearned Revenue		=		-		-		-
2000	Total Liabilities		101,473		6,957		-		=
Ι	DEFERRED INFLOWS OF RESOURCES								
2602	Unavailable Revenue - Intergovernmental		100,965		6,957		-		-
2600	Total Deferred Inflows of Resources		100,965		6,957		-		-
F	UND BALANCES								
	Nonspendable Fund Balance:								
3425	Endowment Principal		_		_		_		_
	Restricted Fund Balance:								
3450	Federal or State Funds Grant Restriction		-		-		-		-
3490	Other Restricted Fund Balance		=		_		-		-
	Committed Fund Balance:								
3545	Other Committed Fund Balance		-		-		-		-
3600	Unassigned Fund Balance		(100,965)		(6,957)		-		-
3000	Total Fund Balances		(100,965)		(6,957)				-
4000	Total Liabilities, Deferred Inflows & Fund Balances	\$	101,473	\$	6,957	\$		\$	

Ad Pla	397 Ivanced acement centives	410 State tructional laterials	Othe Sp	29 er State ecial ue Funds	437 SSA Special ducation	I	461 Campus Activity Funds	459 Fayette nty DAEP	Lo	491 ocal Grant Fund		Total Nonmajor Special venue Funds
\$	1,662 - - -	\$ 12,352	\$	- - -	\$ 226,716 - 108,130 -	\$	276,988 - - 913	\$ 49,472 - - -	\$	29,769 - - -	\$	976,776 358,631 108,130 2,198
\$	1,662	\$ 12,352	\$	_	\$ 334,846	\$	277,901	\$ 49,472	\$	29,769	\$	1,445,735
\$	- - - 1,662	\$ 12,352	\$	- - -	\$ 2,736 - 6,483	\$	9,179 - - -	\$ - 8,501 - -	\$	- - -	\$	12,791 44,738 240,777 9,959
	1,662	12,352			9,219		9,179	8,501		-	_	308,265
	-	 9,758 9,758		<u>-</u> -	 <u>-</u>		-	 -		<u>-</u> -	_	200,350
	-	-		-	-		-	-		-		-
	-	- -		-	325,627		-	- 40,971		- 29,769		472,381 396,367
	- -	(9,758)		- -	 -		268,722	 - -		- -		268,722 (200,350)
		 (9,758)			 325,627		268,722	 40,971		29,769		937,120
\$	1,662	\$ 12,352	\$		\$ 334,846	\$	277,901	\$ 49,472	\$	29,769	\$	1,445,735

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

		- ,	-		
ъ.			479		Total
Data		P	ermanent	1	Vonmajor
Contro	ol .		Fund	Go	vernmental
Codes					Funds
A	ASSETS				
1110	Cash and Cash Equivalents	\$	474,946	\$	1,451,722
1240	Due from Other Governments		-		358,631
1260	Due from Other Funds		-		108,130
1290	Other Receivables				2,198
1000	Total Assets	\$	474,946	\$	1,920,681
L	JABILITIES				
2110	Accounts Payable	\$	=	\$	12,791
2160	Accrued Wages Payable		-		44,738
2170	Due to Other Funds		-		240,777
2300	Unearned Revenue				9,959
2000	Total Liabilities				308,265
Ι	DEFERRED INFLOWS OF RESOURCES				
2602	Unavailable Revenue - Intergovernmental		-		200,350
2600	Total Deferred Inflows of Resources		_		200,350
F	TUND BALANCES				
	Nonspendable Fund Balance:				
3425	Endowment Principal		474,946		474,946
	Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction		-		472,381
3490	Other Restricted Fund Balance		-		396,367
	Committed Fund Balance:				
3545	Other Committed Fund Balance		-		268,722
3600	Unassigned Fund Balance		-		(200,350)
3000	Total Fund Balances		474,946	_	1,412,066
4000	Total Liabilities, Deferred Inflows & Fund Balances	\$	474,946	\$	1,920,681
		=	,,	_	-,- = 0,001

(This page intentionally left blank)

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

	211	225	240
Data	ESEA,	IDEA - Part B	National
Control	Title I,	Preschool	Breakfast and
Codes	Part A		Lunch Program
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 195,169
5800 State Program Revenues	-	-	30,515
5900 Federal Program Revenues	455,26	7 12,389	1,273,509
5020 Total Revenues	455,26	12,389	1,499,193
EXPENDITURES:			
Current:			
0011 Instruction	252,64	8 12,389	-
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	281,50	-	-
0021 Instructional Leadership	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	-	1,296,150
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	1,49	9 -	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0099 Other Intergovernmental Charges			
6030 Total Expenditures	535,65	12,389	1,296,150
1200 Net Change in Fund Balance	(80,38	7) -	203,043
0100 Fund Balance - September 1 (Beginning)			269,338
3000 Fund Balance - August 31 (Ending)	\$ (80,38	7) \$ -	\$ 472,381

	255 ESEA, Title II, Part A	263 Title III, Part A	266 ESSER Emergency Relief Fund	279 ESSER III TCLAS ARP Act	280 ESSER III Homeless Children	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds
\$	- \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	- 58,967	38,200	- 11	105,721	12,090	1,175,993	678,300	128,142
_	58,967	38,200	11	105,721	12,090	1,175,993	678,300	128,142
	61,250	29,979	11	93,672	-	244,758	441,151	94,277
	-	-	-	-	-	-	-	-
	-	6,671	-	5,645	-	11,880	245	-
	-	1,100	-	-	12,090	-	-	-
	-	450	-	6,404	-	13,432	-	-
	-	-	-	0,404	-	13,432	-	-
	_	_	_	_	-	10,504	_	_
	_	_	_	_	_	19,109	15,250	_
	_	_	_	_	_	719,748	221,654	_
	-	-	_	-	-	-	-	33,865
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	- 148,482	-	-
	61,250	38,200	11	105,721	12,090	1,175,993	678,300	128,142
	(2,283)	-	-	-	-	-	-	-
		-	-					
\$	(2,283) \$	3 -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

		313	314	315	365
Data		SSA	SSA	SSA	SSA IDEA, B
Control	ID	EA, Part B	IDEA, Part B	IDEA, Part B	Preschool
Codes		Formula	Preschool	Discretionary	ARP Act
REVENUES:					
5700 Total Local and Intermediate Sources	\$	_	\$ -	\$ -	\$ -
5800 State Program Revenues		-	-	-	-
5900 Federal Program Revenues		789,564	10,076	16,382	8,417
5020 Total Revenues		789,564	10,076	16,382	8,417
EXPENDITURES:					
Current:					
0011 Instruction		85,675	-	16,382	-
0012 Instructional Resources and Media Services		-	-	-	-
0013 Curriculum and Instructional Staff Development		16,014	-	-	-
0021 Instructional Leadership		-	-	-	-
0031 Guidance, Counseling, and Evaluation Services		657,579	-	-	-
0034 Student (Pupil) Transportation		-	-	-	-
0035 Food Services		-	-	-	-
0036 Extracurricular Activities		-	-	-	-
0041 General Administration		-	-	-	-
0051 Facilities Maintenance and Operations		-	-	-	-
0052 Security and Monitoring Services		-	-	-	-
0053 Data Processing Services		-	-	-	-
0061 Community Services		-	-	-	-
Intergovernmental:					
0093 Payments to Fiscal Agent/Member Districts of SSA		131,261	17,033	-	8,417
0099 Other Intergovernmental Charges		-			
6030 Total Expenditures		890,529	17,033	16,382	8,417
Net Change in Fund Balance		(100,965)	(6,957)	-	-
0100 Fund Balance - September 1 (Beginning)		-	-	-	-
				-	-
3000 Fund Balance - August 31 (Ending)	\$	(100,965)	\$ (6,957)	\$ -	\$ -

F	397 Advanced Placement incentives	410 State Instructional Materials	429 Other State Special Revenue Funds	437 SSA Special Education	461 Campus Activity Funds	459 Fayette County DAEP	491 Local Grant Fund	Total Nonmajor Special Revenue Funds	
\$	- - -	\$ - 307,889 -	\$ - 51,807	\$ 1,109,620 - -	\$ 280,896	\$ 96,500	\$ 20,000	\$ 1,702,185 390,211 4,763,028	
	-	307,889	51,807	1,109,620	280,896	96,500	20,000	6,855,424	
	_	317,647	-	703,915	-	90,638	17,000	2,461,392	
	-	-	-	-	-	-	14,900	14,900	
	-	-	-	507	-	-	-	322,469	
	-	-	-	125,375	-	-	-	138,565	
	-	-	-	356,584	-	-	-	1,014,613	
	-	-	-	-	-	-	-	19,836	
	-	-	-	-	-	-	-	1,314,734	
	-	-	-	-	302,788	-	-	302,788	
	-	-	-	11,408	-	-	-	45,767	
	-	-	34,654	1,200	-	2,235	-	979,491	
	-	-	17,153	-	-	275	-	51,293	
	-	-	-	2,000	-	-	-	2,000	
	-	-	-	-	-	-	-	1,499	
	-	-	-	-	-	-	-	156,711	
	-						· 	148,482	
	-	317,647	51,807	1,200,989	302,788	93,148	31,900	6,974,540	
	-	(9,758)	-	(91,369)	(21,892)	3,352	(11,900)	(119,116)	
	-		-	416,996	290,614	37,619	41,669	1,056,236	
\$	-	\$ (9,758)	\$ -	\$ 325,627	\$ 268,722	\$ 40,971	\$ 29,769	\$ 937,120	

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

		479		Total
Data		Permanent		Nonmajor
Control		Fund		overnmental
Codes				Funds
REVENUES:				1 01100
5700 Total Local and Intermediate Sources	\$	_	\$	1,702,185
5800 State Program Revenues	Ψ	_	Ψ	390,211
5900 Federal Program Revenues		_		4,763,028
5020 Total Revenues		-		6,855,424
EXPENDITURES:	_			
Current:				
0011 Instruction		_		2,461,392
0012 Instructional Resources and Media Services		_		14,900
0013 Curriculum and Instructional Staff Development		_		322,469
0021 Instructional Leadership		_		138,565
0031 Guidance, Counseling, and Evaluation Services		_		1,014,613
0034 Student (Pupil) Transportation		-		19,836
0035 Food Services		-		1,314,734
0036 Extracurricular Activities		-		302,788
0041 General Administration		-		45,767
0051 Facilities Maintenance and Operations		-		979,491
0052 Security and Monitoring Services		-		51,293
0053 Data Processing Services		-		2,000
0061 Community Services		-		1,499
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA		_		156,711
0099 Other Intergovernmental Charges		-		148,482
6030 Total Expenditures		-		6,974,540
1200 Net Change in Fund Balance		_		(119,116)
-		-		
0100 Fund Balance - September 1 (Beginning)		474,946		1,531,182
3000 Fund Balance - August 31 (Ending)	\$	474,946	\$	1,412,066
2000	Ψ	., .,, 10	<u> </u>	-,2,000

(This page intentionally left blank)

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

	(1)	(3) Assessed/Appraised				
Last 10 Years Ended	Tax I	Tax Rates				
August 31	Maintenance	Debt Service	Value for School Tax Purposes			
014 and prior years	Various	Various	\$ Various			
015	1.040000	0.000000	1,035,195,026			
016	1.040000	0.000000	1,043,115,192			
017	1.040000	0.000000	1,117,856,923			
018	1.040000	0.245800	1,098,091,407			
019	1.040000	0.235800	1,158,530,186			
020	0.970000	0.202300	1,259,210,270			
021	0.956400	0.195900	1,299,966,328			
022	0.953400	0.193600	1,333,875,561			
O23 (School year under audit)	0.854600	0.162500	1,595,309,802			
000 TOTALS						

8000 Total Taxes Refunded Under Section 26.115, Tax Code

(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
\$ 124,741 \$	-	\$ 728	\$ -	\$ (18,240)	\$ 105,773
6,275	-	190	-	-	6,085
11,522	-	489	-	-	11,033
16,364	-	1,357	-	-	15,007
28,843	-	-	-	(24,366)	4,477
33,550	-	-	-	(30,380)	3,170
48,279	-	-	-	(15,511)	32,768
69,838	-	22,738	4,658	(67,164)	(24,722)
203,861	-	96,556	19,607	(66,158)	21,540
-	16,225,896	13,456,181	2,560,046	(28,201)	181,468
\$ 543,273 \$	16,225,896	\$ 13,578,239	\$ 2,584,311	\$ (250,020)	\$ 356,599

\$ 94,273

LA GRANGE 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		Budgeted	ınts	Actual Amounts (GAAP BASIS)	Fi	Variance With Final Budget Positive or	
Codes	Original		Final		(Negative)		
REVENUES:							
5700 Total Local and Intermediate Sources5800 State Program Revenues5900 Federal Program Revenues	\$	168,000 37,500 1,336,218	\$	198,000 32,500 1,256,218	\$ 195,169 30,515 1,273,509	\$	(2,831) (1,985) 17,291
5020 Total Revenues EXPENDITURES: Current:		1,541,718	_	1,486,718	1,499,193		12,475
0035 Food Services		1,486,593		1,486,593	1,296,150		190,443
6030 Total Expenditures		1,486,593		1,486,593	1,296,150		190,443
1200 Net Change in Fund Balances		55,125		125	203,043		202,918
0100 Fund Balance - September 1 (Beginning)		269,338		269,338	269,338		-
3000 Fund Balance - August 31 (Ending)	\$	324,463	\$	269,463	\$ 472,381	\$	202,918

LA GRANGE 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		Budgeted	unts	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)		
Codes	Original		Final				
REVENUES:							
5700 Total Local and Intermediate Sources5800 State Program Revenues	\$	2,635,000	\$	2,700,000	\$ 2,712,680 77,875	\$	12,680 77,875
5020 Total Revenues EXPENDITURES: Debt Service:		2,635,000	-	2,700,000	2,790,555		90,555
 Principal on Long-Term Liabilities Interest on Long-Term Liabilities Bond Issuance Cost and Fees 		925,000 1,348,400 1,000		925,000 1,348,400 1,000	925,000 1,348,400 400		- - 600
6030 Total Expenditures		2,274,400		2,274,400	2,273,800		600
1200 Net Change in Fund Balances		360,600		425,600	516,755		91,155
0100 Fund Balance - September 1 (Beginning)		1,741,637		1,741,637	1,741,637		
3000 Fund Balance - August 31 (Ending)	\$	2,102,237	\$	2,167,237	\$ 2,258,392	\$	91,155

LA GRANGE 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.	1,611,533
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1,495,335
	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.	183,405
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	119,046

SCHOOLS FIRST QUESTIONNAIRE

La Grange 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 Govenment Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0

(This page intentionally left blank)

Federal Awards Section

(This page intentionally left blank)



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

Board of Trustees La Grange 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, the business-type activities, each major fund, and the aggregate remaining fund information of La Grange Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise La Grange Independent School District's basic financial statements, and have issued our report thereon dated January 17, 2024. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered La Grange 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 La Grange Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of La Grange 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether La Grange 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.

Heinfeld Meeth & Co. PC

Heinfeld, Meech & Co., P.C. Scottsdale, Arizona January 17, 2024



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Trustees La Grange Independent School District

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

We have audited La Grange Independent School District's compliance with the types of compliance requirements identified as subject to the audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of La Grange Independent School District's major federal programs for the year ended August 31, 2023. La Grange 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, La Grange Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and
 design and perform audit procedures responsive to those risks. Such procedures include
 examining, on a test basis, evidence regarding La Grange 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 La Grange 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of La Grange 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on La Grange Independent School District's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. La Grange Independent School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance, that we consider to be a significant deficiency.

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on La Grange Independent School District's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. La Grange Independent School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of La Grange Independent School District as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise La Grange Independent School District's basic financial statements. We issued our report thereon dated January 17, 2024, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meach & Co. PC

Heinfeld, Meech & Co., P.C. Scottsdale, Arizona January 17, 2024

La Grange Independent School District Schedule of Expenditures of Federal Awards Year Ended August 31, 2023

(1)	(2)	(2A)		(3) Total
Federal/Pass-Through/Agency	AL <u>Number</u>	Federal Award <u>Number</u>	Expenditures and Transfers	Expenditures and Transfers
U.S. Department of Agriculture				
Passed through Texas Education Agency:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	71402301	\$ 198,941 \$;
National School Lunch Program	10.555	71302301	877,379	
Passed through Texas Department of Agriculture:				
National School Lunch Program	10.555	NT4XL1YGLGC5	68,789	
National School Lunch Program	10.555	NT4XL1YGLGC5	94,455	
Total Child Nutrition Cluster				1,239,564
Child and Adult Care Food Program	10.558	NT4XL1YGLGC5		33,945
Total U.S. Department of Agriculture				1,273,509
U.S. Department of Education				
Passed through Texas Education Agency:				
Title I Grants to Local Educational Agencies	84.010	23610101075902	33,461	
Title I Grants to Local Educational Agencies	84.010	24610101075902	411,977	
Title I Grants to Local Educational Agencies	84.010	226101577110035	90,216	
Total ALN 84.010				535,654
Special Education Cluster:				
Special Education Grants to States	84.027	236600010759026000	890,529	
Special Education Grants to States	84.027	66002312	16,382	
Special Education Preschool Grants	84.173	23-075902	12,389	
Special Education Preschool Grants	84.173	236610010759026000	17,033	
COVID-19 Special Education Preschool Grants	84.173X	225360010759025000	8,417	
Total Special Education Cluster				944,750
English Language Acquisition State Grants	84.365A	23671001075902	36,101	
English Language Acquisition State Grants Total ALN 84.365A	84.365A	23671003075902	2,099	38,200
Supporting Effective Instruction State Grant	84.367	23694501075902	61,163	
Supporting Effective Instruction State Grant	84.367	24694501075902	87	
Total ALN 84.367				61,250
Student Support and Academic Enrichment Program	84.424	23680101075902		33,865
COVID-19 Education Stabilization Fund	84.425D	20521001075902	11	
COVID-19 Education Stabilization Fund	84.425D	21521001075902	1,175,993	
COVID-19 Education Stabilization Fund	84.425U	21528042075902	105,721	
COVID-19 Education Stabilization Fund	84.425U	21528001075902	678,300	
COVID-19 Education Stabilization Fund Total ALN 84.425	84.425W	21533002075902	12,090	1,972,115
Disaster Recovery Assistance for Education	84.938A	22511705075902		94,277
Total U.S. Department of Education	- 1.555.1			3,680,111
U.S. Department of Health and Human Services				
Passed through Texas Health and Human Services Commission:				
Medicaid Cluster:				
Medical Assistance Program	93.778	HHS000537900095		13,826
Total Expenditures of Federal Awards			\$	4,967,446

La Grange Independent School District Notes to the Schedule of Expenditures of Federal Awards Year Ended August 31, 2023

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of La Grange Independent School District under programs of the federal government for the year ended August 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Indirect Cost Rate

The auditee did not use the de minimis indirect cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with UO1 for all award lines associated with that program, the second is UO2, etc.

Relationship to Basic Financial Statements – Expenditures of federal awards are reported in the District's basic financial statements in the special revenue funds.

Relationship to Federal Financial Reports – Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-Cash Programs – The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

La Grange Independent School District Schedule of Findings and Questioned Costs Year Ended August 31, 2023

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Significant deficiency(ies) identified: No

• Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

<u>Federal Awards</u>

Internal control over major programs:

• Significant deficiency(ies) identified: Yes

• Material weakness(es) identified: No

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 §200.516 of Uniform Guidance: Yes

Identification of major programs:

Assistance Listing Numbers

84.027, 84.173

Special Education Cluster

84.425

Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing*Standards: No

Findings and Questioned Costs Related to Federal Awards: Yes

Summary Schedule of Prior Audit Findings required to be reported: Yes

La Grange Independent School District Schedule of Findings and Questioned Costs Year Ended August 31, 2023

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2023-001

Repeat Finding: No

Program Name/Assistance Listing Title: Education Stabilization Fund

Assistance Listing Number: 84.425U

Federal Agency: U.S. Department of Education Federal Award Number: 21528001075902 Pass-Through Agency: Texas Education Agency

Questioned Costs: N/A

Type of Finding: Noncompliance, Significant Deficiency

Compliance Requirement: Procurement and Suspension and Debarment

Criteria

Non-federal entities other than states, including those operating federal programs as subrecipients of states, must follow the procurement standards set out at 2 CFR §§200.318 through 200.326. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable federal statutes and the procurement requirements identified in 2 CFR part 200. Additionally, non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR §180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System of Award Management (SAM) maintained by the General Services Administration (GSA) or (2) collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR §180.300).

Condition

The District did not follow Federal, State, and Board policies and regulations governing procurement.

Cause

The District official responsible for making the purchase was not aware of the procurement compliance requirements. Additionally, those responsible for approving the purchase did not verify compliance.

Effect

The District was not in compliance with Federal, State, and Board policies and regulations governing procurement.

La Grange Independent School District Schedule of Findings and Questioned Costs Year Ended August 31, 2023

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2023-001

Context

The District procured computers, software licenses, and charging carts in the amount of \$356,747 using quotations rather than issuing a formal procurement. Furthermore, the District did not check whether the vendor was suspended or debarred.

Recommendation

District employees who are delegated the authority to procure goods and services should receive training on Federal, State, and Board procurement policies and procedures. Additionally, approvers of requisitions should ensure purchases exceeding the formal procurement threshold are appropriately procured in accordance with Federal, State and Board policies and regulations.

Views of Responsible Officials

See Corrective Action Plan.



Andy McHazlett - Superintendent | Stacy L. Eilers - Assistant Superintendent | Sharon L. Muzny - Director of Operations & Safety

January 17, 2024
To Whom It May Concern:
The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.
In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.
Sincerely,
Diana Fitzpatrick Director of Finance

La Grange Independent School District Corrective Action Plan Year Ended August 31, 2023

Findings and Questioned Costs Related to Federal Awards

Finding Number: 2023-001

Program Name/Assistance Listing Title: Education Stabilization Fund

Assistance Listing Number: 84.425U

Contact Person: Diana Fitzpatrick, Director of Finance

Anticipated Completion Date: April 30, 2024

Planned Corrective Action: When notified by the audit firm of the error in procurement procedures, district employees were notified of the correct procedures. This information has been and will continue to be made known to district employees who are delegated authority to procure goods and services during monthly leadership meetings. During this spring's annual budget workshop with district staff, a brief training session will be held on Federal, State, and Board procurement policies and procedures. Also, a record of vetting vendors has been implemented this current fiscal year via the Sam.gov website.

La Grange Independent School District Summary Schedule of Prior Audit Findings Year Ended August 31, 2023

Status of Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: 2022-001 Status: Fully corrected.