



**LYFORD CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**

Financial Statements

AUGUST 31, 2022



TRUSTEES

Victoria N. Perez - President

Marina Quilantan Rivera - Vice-President

Joey Mendoza - Secretary

Viola Z. Vela - Trustee

Allison Busse Savage - Trustee

Arnold Cortez - Trustee

Eulalio Mendez IV- Trustee

SUPERINTENDENT

Dr. Kristin N. Brown



	<u>EXHIBIT</u>	<u>PAGE</u>
INTRODUCTORY SECTION		
<i>Certificate of Board</i>	-	1
FINANCIAL SECTION		
<i>Independent Auditors' Report</i>	-	3
Management's Discussion and Analysis (Required Supplementary Information)	-	11
<i>Basic Financial Statements</i>		
Government-wide Financial Statements		
Statement of Net Position	A-1	19
Statement of Activities	B-1	21
Fund Financial Statements		
Balance Sheet – Governmental Funds	C-1	22
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position	C-2	24
Statement of Revenues, Expenditures, and Changes in		
Fund Balances – Governmental Funds	C-3	26
Reconciliation of the Governmental Funds Statement of Revenues,		
Expenditures, and Changes in Fund Balances to the Statement of Activities	C-4	28
Statement of Fiduciary Net Position – Fiduciary Funds	E-1	29
Statement of Changes in Fiduciary Fund Net Position – Fiduciary Funds	E-2	30
Notes to Financial Statements	-	31
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Revenues, Expenditures, and Changes in Fund Balance		
Budget and Actual - General Fund	G-1	73
Schedule of the District's Proportionate Share of the Net Pension Liability-		
Teacher Retirement System of Texas	G-2	74
Schedule of the District's Contributions for Pensions- Teacher Retirement		
System of Texas	G-3	75
Other Post-Employment Benefits (OPEB) Supplementary Information		
Schedule of the District's Proportionate Share of the Net OPEB Liability-		
Teacher Retirement System of Texas	G-4	76
Schedule of the District's OPEB Contributions- Teacher Retirement		
System of Texas	G-5	77
Notes to Required Supplementary Information	-	78



	<u>EXHIBIT</u>	<u>PAGE</u>
OTHER SUPPLEMENTARY INFORMATION		
<i>Combining Statements</i>		
Combining Balance Sheet- Nonmajor Governmental Funds	H-1	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Nonmajor Governmental Funds	H-2	84
<i>Texas Education Agency - Required Schedules</i>		
Schedule of Delinquent Taxes Receivable	J-1	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Child Nutrition Program	J-2	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual – Debt Service Fund	J-3	91
State Compensatory Education and Bilingual Education Program Expenditures	J-4	92
SINGLE AUDIT SECTION		
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	93
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	-	97
Schedule of Findings and Questioned Costs	-	103
Corrective Action Plan	-	106
Summary Schedule of Prior Audit Findings	-	107
Schedule of Expenditures of Federal Awards	K-1	108
Notes on Accounting Policies for Federal Awards	K-2	109



INTRODUCTORY SECTION



CERTIFICATE OF BOARD

Lyford Consolidated Independent School District
Name of School District

Willacy
County

245-902
Co.-Dist. Number

We the undersigned, do hereby certify that the attached annual financial reports of the above named school district were reviewed and approved ___ disapproved for the year ended August 31, 2022 at a meeting of the board of school trustees of such school district on the 19 day of Jan, 2023.



Signature of Board Secretary



Signature of Board President

(This page intentionally left blank)



FINANCIAL SECTION





Carr, Riggs & Ingram, LLC
402 East Tyler Avenue
Harlingen, TX 78550-9122

(956) 423-3765
(956) 428-7520 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Lyford Consolidated Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyford Consolidated Independent School District (the "District"), as of and for the year ended August 31, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lyford Consolidated 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.

Emphasis of Matter

As described in Note 2 to the financial statements, in fiscal year 2022, the District adopted new accounting guidance, GASB Statement No. 87 *Leases*. Our opinion is not modified with respect to this matter.

(This page intentionally left blank)

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

(This page intentionally left blank)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual-General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability-Teacher Retirement System of Texas, Schedule of the District's Contributions for Pensions-Teacher Retirement System of Texas, Schedule of the District's Proportionate Share of the Net OPEB Liability-Teacher Retirement System of Texas, Schedule of the District's OPEB Contributions-Teacher Retirement System of Texas, and the related notes to required supplementary information as listed in the table of contents to 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 Lyford Consolidated Independent School District's basic financial statements. The accompanying combining nonmajor fund financial statements, the Texas Education Agency Required Schedules as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the Texas Education Agency Required Schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(This page intentionally left blank)

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023, on our consideration of the Lyford Consolidated 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 Lyford Consolidated 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 the Lyford Consolidated Independent School District's internal control over financial reporting and compliance.

Carr, Rigg & Ingram, L.L.C.

Harlingen, Texas
January 19, 2023

(This page intentionally left blank)

**LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
August 31, 2022**

Our discussion and analysis of Lyford Consolidated Independent School District's financial performance provides an overview of the District's financial activities for the fiscal year ending August 31, 2022. Please read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total net position at close of the most recent fiscal year is \$21,217,158. This includes an increase in net position of \$9,150,400.

During the year, the District's revenues exceeded expenditures by \$9,150,400. Last year revenues exceeded expenditures by \$554,976.

The District's expenditures for the fiscal year decreased by \$1,201,044 or about 5.5% from the previous year mainly due to decreases in instruction, school leadership, and food service.

At the close of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$7,803,093, an increase of \$2,405,189 in comparison with prior year. \$6,366,013 is available for spending at the District's discretion (unassigned fund balance).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities Exhibits A-1 and B-1.

These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements Exhibit C-1 and C-3 report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental funds, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The Required Supplementary Information relates to comparison of the original adopted budget, the final amended budget, and the actual results for the fiscal year then ended. This is required supplementary information for the general fund. Also included in RSI is the Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System, the Schedule of the District's Contributions for Pensions – Teacher Retirement System, the Schedule of the District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System, and the Schedule of the District's OPEB Contributions – Teacher Retirement System.

The sections labeled Other Supplementary Information includes the District's combining non-major governmental fund financial statements and TEA Required Schedules which contain data used by monitoring or regulatory agencies. Furthermore, the Single Audit section contains data for assurance that the District is using funds supplied in compliance with terms of grants.

New Accounting Standards Adopted

In fiscal year 2022, the District adopted new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 87, *Leases*

This Statement's objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations are in Exhibit A-1 and B-1. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources at the end of the year, while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in net position. The District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, nonfinancial factors should be considered as well, such as changes in the District's average daily attendance or the District's facilities condition and property tax base.

Unrestricted net position reflects a deficit of \$4,299,120. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net pension and OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions and obligations as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

Governmental activities – Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin with Exhibit C-1 and provide detailed information about the most significant funds, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

Governmental funds: The District's reports most of its basic services in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. 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 only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Presented in Tables I and II below are summarized Statement of Net Position and Statement of Changes in Net Position for both current and prior-year data. Our analysis focuses on the current year and the comparison of prior-year amounts on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Table I
Lyford Consolidated Independent School District
Statement of Net Position
Governmental Activities

	2022	2021
Current and other assets	\$11,941,737	\$9,161,548
Capital assets and right-to-use assets	27,525,885	23,179,414
Total assets	39,467,622	32,340,962
Deferred outflows of resources		
Deferred charge for refunding	178,072	205,140
Deferred outflows related to TRS	2,405,392	3,018,795
Total deferred outflows of resources	2,583,464	3,223,935
Other liabilities	3,190,713	2,766,872
Long-term liabilities	10,657,779	15,948,884
Total liabilities	13,848,492	18,715,756
Deferred inflows of resources		
Deferred inflows related to TRS	6,985,436	4,782,383
Net assets		
Invested in capital assets, net of related debt	24,365,686	18,150,752
Restricted	1,150,592	652,573
Unrestricted	(4,299,120)	(6,736,567)
Total net position	\$21,217,158	\$12,066,758

Net Position: The District's total net position at close of the most recent fiscal year is \$21,217,158. This amounted to an increase in net position of \$9,150,400 from the result of current year operations. Most of the total net position is either invested in capital assets or is restricted as to the purposes they can be used for. Unrestricted net position amounted to \$(4,299,120) at the end of this year. The unrestricted net position decreased by 36.05% from the prior year.

Table II
Lyford Consolidated Independent School District
**Changes in Net Position
Governmental Activities**

	2022	2021
Revenues		
Program revenues		
Charges for services	\$ 399,114	\$ 84,005
Operating grants and contributions	7,696,440	5,651,233
General revenues		
Maintenance and operations taxes	4,412,717	2,526,180
Debt services taxes	1,630,013	557,026
State Aid Formula Grants	10,793,515	12,417,609
Grants, contributions not restricted to specific functions	27,947	23,884
Investment earnings	7,459	11,112
Miscellaneous	4,895,638	1,197,413
Total revenues	29,862,843	22,468,462
Expenses		
Instruction, curriculum and media services	10,210,543	10,824,810
Instructional/school leadership	1,292,386	1,020,773
Guidance, social work, health and transportation	1,234,869	1,275,424
Food services	1,540,997	1,808,504
Extracurricular activities	1,381,064	1,346,144
General administration	1,725,496	2,104,589
Plant maintenance and security	2,612,645	2,790,201
Data processing	534,563	581,254
Community Services	38,821	24,506
Debt Service	141,059	137,281
Total expenses	20,712,443	21,913,486
Increase in net position	9,150,400	554,976
Net position at September 1,	12,066,758	11,464,422
Prior Period Adjustment	-	47,360
Net Position at September 1, as restated	12,066,758	11,511,782
Net position at August 31	\$ 21,217,158	\$ 12,066,758

Changes in Net Position: The District's total revenues increased by 32.91% to \$29,862,843 (refer to Table II). State aid-formula revenues represent 36.1%, property taxes represent 20.2%, operating grants and contributions represent 25.8% and charges for services represent 0.1% of total revenues of the District.

The total cost of all programs and services was \$20,712,443; 48.6% of these costs are for instruction.

THE DISTRICT'S FUNDS AND BUDGETARY HIGHLIGHTS

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of approximately \$7,803,093 which is more than last year's total of \$5,397,904.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments include amendments to transfer funds among functions. The most significant of these amendments was to adjust state allotment revenues and related instructional expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the District had approximately \$27,369,579 (net of accumulated depreciation) invested in a broad range of capital assets, including Equipment, Furniture, Buildings, and Capital Leases (see Table III).

Table III
Lyford Consolidated Independent School District
Capital Asset Summary
Governmental Activities

	2022	2021
Land	\$ 329,972	\$ 329,972
Construction in Progress	3,780,747	172,211
Buildings and improvements	29,942,958	29,770,747
Equipment	8,183,390	6,249,357
Financed equipment	3,158,317	3,158,317
Total assets at historical cost	45,395,384	39,680,604
Less accumulated depreciation	(18,025,805)	(16,501,190)
<u>Net capital assets</u>	<u>\$ 27,369,579</u>	<u>\$ 23,179,414</u>

More information about the District's capital assets is presented in notes to the financial statements.

Right-to-use assets

The District has recorded right-to-use assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less incentives, and plus any ancillary charges necessary to place the lease into service. At the end of 2022, the District had invested \$156,306 in assets which is comprised of equipment (see Table IV).

Table IV
Lyford Consolidated Independent School District
Right-to-use Asset Summary
Governmental Activities

	2022	2021
Leased equipment	\$ 234,458	\$ -
Total accumulated amortization	78,152	-
Net right-to-use assets	\$ 156,306	\$ -

Long Term Liabilities

At year-end the District had \$10,657,779 in long-term liabilities outstanding as shown in Table V. Of this amount, \$694,042 is due within the next year. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table V
Lyford Consolidated Independent School District
Long-Term liabilities
(in thousands of dollars)
Governmental Activities

	2022	2021
Long-term debt		
Bonds payable	\$ 2,100	\$ 3,480
Financing agreements	1,002	1,641
Premium on bonds	72	113
Lease liabilities	164	-
Total long term debt	3,338	5,234
Other long-term liabilities		
Net pension liability	2,208	5,533
Net OPEB liability	5,112	5,182
Total other long-term liabilities	7,320	10,715
Total long-term liabilities	\$ 10,658	\$15,949

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2022 budget and tax rates. The District's enrollment and ADA has decreased since last year. The District administrative staff continues to monitor the enrollment and state aid formulas to ensure that there are sufficient resources for the fiscal year. The District's current tax rate is at \$1.2403 per one hundred dollars (\$100.00) assessed valuation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designated to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Office, at Lyford Consolidated Independent School District, P. O. Drawer 220, Lyford, Texas 78569.



BASIC FINANCIAL STATEMENTS



LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 3,958,454
1120 Current Investments	2,205,093
1220 Property Taxes - Delinquent	1,037,622
1230 Allowance for Uncollectible Taxes	(86,890)
1240 Due from Other Governments	4,587,011
1300 Inventories	6,869
1410 Prepayments	233,578
Capital Assets:	
1510 Land	329,972
1520 Buildings, Net	18,946,206
1530 Furniture and Equipment, Net	2,892,442
1540 Other Capital Assets, Net	1,420,212
1550 Right-to-Use Leased Assets, Net	156,306
1580 Construction in Progress	3,780,747
1000 Total Assets	39,467,622
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	178,072
1705 Deferred Outflow Related to TRS Pension	1,491,342
1706 Deferred Outflow Related to TRS OPEB	914,050
1700 Total Deferred Outflows of Resources	2,583,464
LIABILITIES	
2110 Accounts Payable	2,045,216
2150 Payroll Deductions and Withholdings	622,951
2160 Accrued Wages Payable	433,927
2180 Due to Other Governments	19,718
2200 Accrued Expenses	2,800
2300 Unearned Revenue	66,101
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	694,042
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	2,644,229
2540 Net Pension Liability (District's Share)	2,207,877
2545 Net OPEB Liability (District's Share)	5,111,631
2000 Total Liabilities	13,848,492
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	3,069,899
2606 Deferred Inflow Related to TRS OPEB	3,915,537
2600 Total Deferred Inflows of Resources	6,985,436
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	24,365,686
Restricted:	
3820 Restricted for Federal and State Programs	686,674
3850 Restricted for Debt Service	463,918
3900 Unrestricted	(4,299,120)
3000 Total Net Position	\$ 21,217,158

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

(This page intentionally left blank)

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 10,056,525	\$ 202,986	\$ 5,598,605	\$ (4,254,934)
12	Instructional Resources and Media Services	154,018	-	24,373	(129,645)
13	Curriculum and Instructional Staff Development	362,553	-	116,291	(246,262)
21	Instructional Leadership	75,496	-	(1,091)	(76,587)
23	School Leadership	854,337	-	59,442	(794,895)
31	Guidance, Counseling, and Evaluation Services	459,664	-	145,436	(314,228)
32	Social Work Services	60,863	-	20,175	(40,688)
33	Health Services	155,414	-	18,791	(136,623)
34	Student (Pupil) Transportation	558,928	-	63,365	(495,563)
35	Food Services	1,540,997	87,132	1,600,890	147,025
36	Extracurricular Activities	1,381,064	47,048	(6,805)	(1,340,821)
41	General Administration	1,725,496	60,038	26,254	(1,639,204)
51	Facilities Maintenance and Operations	2,244,905	1,910	7,329	(2,235,666)
52	Security and Monitoring Services	367,740	-	13,825	(353,915)
53	Data Processing Services	534,563	-	(1,762)	(536,325)
61	Community Services	38,821	-	11,322	(27,499)
72	Debt Service - Interest on Long-Term Debt	130,059	-	-	(130,059)
73	Debt Service - Bond Issuance Cost and Fees	11,000	-	-	(11,000)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 20,712,443	\$ 399,114	\$ 7,696,440	(12,616,889)
Data Control Codes	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes			4,412,717	
DT	Property Taxes, Levied for Debt Service			1,630,013	
SF	State Aid - Formula Grants			10,793,515	
GC	Grants and Contributions not Restricted			27,947	
IE	Investment Earnings			7,459	
MI	Miscellaneous Local and Intermediate Revenue			4,895,638	
TR	Total General Revenues			21,767,289	
CN	Change in Net Position			9,150,400	
NB	Net Position - Beginning			12,066,758	
NE	Net Position - Ending			\$ 21,217,158	

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

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes	10 General Fund	ESSER II CRRSA Act Supplemental	ARP Act ESSER III
ASSETS			
1110 Cash and Cash Equivalents	\$ 3,388,948	\$ -	\$ -
1120 Investments - Current	2,205,093	-	-
1220 Property Taxes - Delinquent	918,288	-	-
1230 Allowance for Uncollectible Taxes	(77,294)	-	-
1240 Due from Other Governments	843,589	1,692,526	1,026,716
1260 Due from Other Funds	4,723,579	-	-
1300 Inventories	6,869	-	-
1410 Prepayments	233,578	-	-
1000 Total Assets	<u>\$ 12,242,650</u>	<u>\$ 1,692,526</u>	<u>\$ 1,026,716</u>
LIABILITIES			
2110 Accounts Payable	\$ 969,725	\$ -	\$ 75,263
2150 Payroll Deductions and Withholdings Payable	622,951	-	-
2160 Accrued Wages Payable	433,927	-	-
2170 Due to Other Funds	803,557	1,672,808	951,453
2180 Due to Other Governments	-	19,718	-
2300 Unearned Revenue	10,213	-	-
2000 Total Liabilities	<u>2,840,373</u>	<u>1,692,526</u>	<u>1,026,716</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	840,993	-	-
2600 Total Deferred Inflows of Resources	<u>840,993</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	6,869	-	-
3430 Prepaid Items	233,578	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	647,028	-	-
3480 Retirement of Long-Term Debt	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	7,673,809	-	-
3000 Total Fund Balances	<u>8,561,284</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,242,650</u>	<u>\$ 1,692,526</u>	<u>\$ 1,026,716</u>

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

Other Funds	Total Governmental Funds
\$ 569,506	\$ 3,958,454
-	2,205,093
119,334	1,037,622
(9,596)	(86,890)
1,024,179	4,587,010
61,853	4,785,432
-	6,869
-	233,578
<u>\$ 1,765,276</u>	<u>\$ 16,727,168</u>
\$ 1,000,228	\$ 2,045,216
-	622,951
-	433,927
1,357,614	4,785,432
-	19,718
55,888	66,101
<u>2,413,730</u>	<u>7,973,345</u>
109,737	950,730
<u>109,737</u>	<u>950,730</u>
-	6,869
-	233,578
39,646	686,674
463,918	463,918
46,041	46,041
(1,307,796)	6,366,013
<u>(758,191)</u>	<u>7,803,093</u>
<u>\$ 1,765,276</u>	<u>\$ 16,727,168</u>

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2022

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	7,803,093
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the end of the year, the cost of these assets was \$45,395,384 and the accumulated depreciation was (\$18,025,805).		27,369,579
2 Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the end of the year, the cost of these assets was \$234,458 and the accumulated amortization was (\$78,152).		156,306
3 Long-term liabilities, including bonds, financing arrangements, and bond premiums are not due and payable in the current period and are not reported as liabilities in the funds.		(3,338,271)
4 Property taxes receivable that will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		950,730
5 Gains/losses on defeasance of debt are recognized as deferred credits or charges and amortized over the remaining life of the debt. The District has deferred charges on refundings of \$178,072 from prior bond refundings which are not reported in the funds.		178,072
6 Accrued interest payable does not require current financial resources so it is not reported as a liability in the funds.		(2,800)
7 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB Codification Section P20 in the amount of \$(2,207,877), a deferred resource outflows related to TRS pension in the amount of \$1,491,342, and deferred resource inflows related to TRS pension in the amount of \$(3,069,899). This resulted in a decrease of net position.		(3,786,434)
8 Included in the items related to debt is the recognition of the District's proportionate share of the OPEB liability required by GASB Codification Section P50 in the amount of \$(5,111,631), a deferred resource outflows related to TRS OPEB in the amount of \$914,050, and deferred resource inflows related to TRS OPEB in the amount of \$(3,915,537). This resulted in a decrease of net position.		(8,113,118)
19 Net Position of Governmental Activities	\$	21,217,157

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

(This page intentionally left blank)

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	10 General Fund	ESSER II CRRSA Act Supplemental	ARP Act ESSER III
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 9,680,419	\$ -	\$ -
5800 State Program Revenues	11,811,353	-	-
5900 Federal Program Revenues	1,744,317	1,692,526	2,653,304
5020 Total Revenues	<u>23,236,089</u>	<u>1,692,526</u>	<u>2,653,304</u>
EXPENDITURES:			
Current:			
0011 Instruction	6,175,952	1,692,526	2,321,775
0012 Instructional Resources and Media Services	112,939	-	4,699
0013 Curriculum and Instructional Staff Development	269,251	-	40,376
0021 Instructional Leadership	81,344	-	-
0023 School Leadership	809,335	-	49,490
0031 Guidance, Counseling, and Evaluation Services	367,243	-	79,479
0032 Social Work Services	47,489	-	522
0033 Health Services	154,159	-	1,566
0034 Student (Pupil) Transportation	499,567	-	71,289
0035 Food Services	1,464,676	-	9,091
0036 Extracurricular Activities	1,274,072	-	2,706
0041 General Administration	1,626,388	-	40,557
0051 Facilities Maintenance and Operations	2,196,782	-	13,949
0052 Security and Monitoring Services	391,194	-	15,197
0053 Data Processing Services	546,736	-	2,608
0061 Community Services	29,593	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	408,581	-	-
0072 Interest on Long-Term Liabilities	20,704	-	-
0073 Bond Issuance Cost and Fees	-	-	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	3,357,610	-	-
6030 Total Expenditures	<u>19,833,615</u>	<u>1,692,526</u>	<u>2,653,304</u>
1200 Net Change in Fund Balances	3,402,474	-	-
0100 Fund Balance - September 1 (Beginning)	<u>5,158,810</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 8,561,284</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Other Funds	Total Governmental Funds
\$	1,714,966	\$ 11,395,385
	17,878	11,829,231
	<u>1,727,074</u>	<u>7,817,221</u>
	3,459,918	31,041,837
	1,339,638	11,529,891
	21,312	138,950
	79,738	389,365
	-	81,344
	22,020	880,845
	73,448	520,170
	20,372	68,383
	19,741	175,466
	-	570,856
	-	1,473,767
	70,037	1,346,815
	-	1,666,945
	-	2,210,731
	3,750	410,141
	-	549,344
	11,645	41,238
	1,702,667	2,111,248
	102,631	123,335
	11,000	11,000
	<u>979,204</u>	<u>4,336,814</u>
	<u>4,457,203</u>	<u>28,636,648</u>
	(997,285)	2,405,189
	<u>239,094</u>	<u>5,397,904</u>
\$	<u>(758,191)</u>	<u>\$ 7,803,093</u>

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	2,405,189
Capital outlays are reported in the governmental funds as expenditures. In the statement of activities the cost of these assets, \$5,714,780 is allocated over their useful lives as depreciation expense which totaled (\$1,524,615) for the year.		4,190,165
Capital outlays are reported in the governmental funds as expenditures. In the statement of activities the cost of these right to use leased assets is allocated over their useful lives as amortization expense which totaled (\$78,125) for the year.		(78,152)
Because some property taxes will not be collected for several months after the District's year end, they are not considered "available" revenues in the governmental funds. This is the change in unavailable tax revenue.		(50,444)
Repayment of bond and capital lease principal are reported as expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		2,111,248
Bond premiums and deferred charges are recognized in the funds in the year the bonds are sold, but they are recorded as a deferred resource outflow and amortized over the life of the bonds in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(5,122)
The change in accrued interest on long-term debt decreases long-term liabilities in the statement of net position.		(1,602)
GASB Codification Section P20 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$378,210. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in the change in net position totaling \$(371,546). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by \$225,450. The net result is an increase in the change in net position.		232,114
GASB Codification Section P50 requires that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$122,236. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$(103,321). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$328,089. The net result is an increase in net position.		347,004
Change in Net Position of Governmental Activities	\$	9,150,400

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

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AUGUST 31, 2022

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 77,708
Total Assets	<u>77,708</u>
NET POSITION	
Restricted for Other Purposes	<u>77,708</u>
Total Net Position	<u><u>\$ 77,708</u></u>

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

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Custodial Fund
ADDITIONS:	
Miscellaneous Revenue - Student	\$ 124,007
Total Additions	124,007
DEDUCTIONS:	
Other Deductions	108,010
Total Deductions	108,010
Change in Fiduciary Net Position	15,997
Total Net Position - September 1 (Beginning)	61,711
Total Net Position - August 31 (Ending)	\$ 77,708

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

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Lyford Consolidated Independent School District (the "District") is an independent public education agency operating under applicable laws and regulations of the State of Texas. This report includes the financial statements of the funds required to account for those activities, organizations and functions, which are related to the District and which are controlled by or dependent upon the District's governing body, the Board of Trustees. The Board of Trustees (the Board), includes seven eligible members elected at large by the qualified voters of the Lyford Consolidated Independent School District. The Board has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board, and TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board.

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide"). The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, no other entities have been included in the District's financial reporting entity. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other government or other type of reporting entity.

In evaluating the District as a reporting entity, management has considered all potential component units in accordance with Section 2100: *Defining the Financial Reporting Entity* of the Governmental Accounting Standards Board (GASB) Codification. The criteria used to determine whether an organization is a component unit of the District includes: financial accountability of the District for the component unit, appointment of a voting majority, fiscal dependency, ability to impose the District's will on the component unit, and whether there is a financial benefit or burden to the District.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Statements and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities are supported by tax revenues, state aid, charges for services, investment earnings and intergovernmental revenues such as grants.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Governmental fund financial statements 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 property taxes, 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.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

The custodial funds have no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The District reports the following major governmental fund:

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

The *ESSER II CRRSA Supplemental* and *ARP Act ESSER III* funds are used to account for resources restricted to, or designated for addressing the impact of COVID-19.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

In addition, the District reports the following fund types:

Special revenue funds are used to account for resources restricted to, or designated for, a specific purpose by the District or a grantor. Most federal and some state financial award programs are accounted for in these funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

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

The *custodial funds* accounts for resources held for others in a custodial capacity. The District's Custodial Fund is the Student Activity Fund.

The District has no proprietary funds.

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

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

Budgetary Information

The Board of Trustees adopts an "appropriated budget" on a basis consistent with GAAP for the General Fund, Debt Service Fund, and the Child Nutrition Program. The District is required to present the adopted and final amended budgeted revenues and expenditures for these three funds. The General Fund Budget report is presented in Exhibit G-1, the Debt Service Fund Budget report is presented in Exhibit J-3, and the Child Nutrition Program Budget report is presented in Exhibit J-2. The District does not legally adopt a budget for the ESSER II CRRSA Supplemental or ARP Act ESSER III funds.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20th the District prepares a budget for the next succeeding fiscal year beginning September. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. Public notice of the meeting must be given at least ten days prior to the meeting.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

3. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31st, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

Excess of Expenditures Over Appropriations

Over the course of the year, the District amended the budget several times. Total expenditures were less than final approved budget by \$2,705,370. Negative variances occurred for 3 functions. For the year ended August 31, 2022 expenditures exceeded budget in the following functional categories:

Function Code	Budget	Actual	Variance
General Fund:			
32 Social Work Services	46,812	47,489	(677)
51 Facilities Maintenance and Operations	2,160,200	2,196,782	(36,582)
72 Interest on Long-Term Debt	178	20,704	(20,526)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Cash and Cash Equivalents

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

Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in the external investment pools. Investment pools meet all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the District's position in the pools is equal to the value of the pooled shares.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental activities column in the statement of net position.

Interfund transactions are reported as services provided, reimbursements, or transfers. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefitting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

Inventory and Prepaid Items

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

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the date of the donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. A capitalization threshold of \$5,000 is used. Land and construction in progress are not depreciated. The other capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	50
Vehicles	7-10
Furniture and equipment	5-10

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance (Continued)

Right to Use Assets

The District has recorded right to use lease assets as a result of implement GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease tem, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Deferred Outflows and Inflows of Resources

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

The District has two items that qualify for reporting as deferred outflows of resources, the deferred amount on refunding and the deferred outflows related to pension and OPEB, both reported in the government-wide statement of net position. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceed their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions and OPEB are an aggregate of items related to pensions and OPEB as calculated in accordance with GASB Codification Section P20: *Pension Activities- Reporting for Benefits Provided through Trusts that Meet Specified Criteria*. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or a reduction in the net pension liability or net OPEB liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting as deferred inflows of resources. The deferred inflows related to pensions and OPEB are an aggregate of items related to pensions and OPEB as calculated in accordance with GASB Codification Section P20: Pension Activities-Reporting for Benefits Provided through Trusts that Meet Specified Criteria. The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension and OPEB expense in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated vacation or sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

Long-term Obligations

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs- Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the Teacher Retirement System of Texas (TRS) plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TRS Care plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are not investments as this is a pay-as you-go plan and all cash is held in a cash account.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classifications of Fund Equity

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

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

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

The provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the District’s highest level of decision-making authority. The responsibility to commit funds rests with the Board of Trustees. Committed amounts cannot be used for any other purpose unless the governing board changes or lifts the constraint taking the same formal action that imposed the constraint originally. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classifications of Fund Equity (Continued)

Assigned fund balance – Amounts in assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The responsibility to assign funds rests with the Superintendent or the Assistant Superintendent for Business Services. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Unassigned fund balance of the general fund that is not constrained for any particular purpose and is the residual classification for the General Fund.

Revenues and Expenditures

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

Property taxes – Property taxes are levied by 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, penalties, and interest ultimately imposed.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. Appropriations lapse at August 31 and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year's budget.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting System

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a State-wide database for policy development and funding plans.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 19, 2023. See Note 12 for relevant disclosure(s). No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In the fiscal year 2022 the District implemented the following pronouncements:

GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019, extended by Statement No. 95 to fiscal years beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. See Note 2 for implications to the financial statements in the implementation of this standard.

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This standard had no impact on the District's financials for the year ended August 31, 2022.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These Statements are as follows:

GASB Statement No. 91, *Conduit Debt Obligations*, effective for reporting periods beginning after December 15, 2020, extended by Statement No. 95 to reporting periods beginning after December 15, 2021. This Statement provides for a single methods of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*, The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that have been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. The requirement of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The District is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT

The District adopted GASB Statement No. 87, Leases, as of September 1, 2021. The District evaluated contracts that were formally accounted for as operating and capital leases to determine whether they meet the definition of a lease as defined in GASB 87. At September 1, 2021, the District has a beginning balance of lease assets of \$234,458 and related lease liabilities of \$234,458. There were no impacts to the beginning net position related to the adoption of GASB 87.

NOTE 3: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Investment Accounting Policy

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

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

Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The Act determines the types of investments, which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The District policy authorizes all the State allowable investments.

The District's management believes that it has complied in all material respects with the requirements of the Act and the District's investment policies.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Public Funds Investment Act, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public fund investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holdings shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits

At August 31, 2022, the carrying amount of the District's deposits (other than the temporary investments listed below) was \$4,036,162 and the bank balance was \$4,517,333. The District's cash deposits at August 31, 2022 and during the year ended were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name except for the months of October 2021, November 2021, December 2021, January 2022, and March 2022.

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Investments

Statutes authorize the District to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposits, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by Chapter 2256 Public Funds Investment and Chapter 2257 Collateral for Public Funds of the Government Code. The District’s investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). At August 31, 2022, all of the District’s investments were in Public Funds Investment Pools or Treasury Bills.

At August 31, 2022, the District’s investments are summarized below:

Investments	Weighted Average Maturity	Reported Amount
TexPool Investment Pool	29 days average	\$ 407
TexSTAR Investment Pool	34 days average	707
Lone Star Investment Pool	33 days average	2,925
Treasury Bills	N/A	2,201,054
		\$ 2,205,093

At August 31, 2022, the District’s investments in Treasury Bills of deposit are valued at cost plus accrued interest.

Public Funds Investment Pools

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

All of the investment pools that the District is invested in have met the criteria established under Section 150: *Investments* of the GASB Codification to report their value at amortized cost. All of the investment pools strive to maintain a \$1 per share net asset value. Additionally, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

As of August 31, 2022 the three investment pools utilized by the District were all rated AAAM by Standard & Poor’s Investor’s Service.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Credit Quality Ratings

At August 31, 2022, the credit quality ratings for the District's investments, excluding securities explicitly guaranteed by the U.S. government, are as follows:

Credit Quality Distribution of Securities
With Credit Exposure as a Percentage of Total Investments

Investment or Investment Type	Rating	Exposure
TexPool Investment Pool	AAAm	0.02%
TexSTAR Investment Pool	AAAm	0.03%
Lone Star Investment Pool	AAAm	0.13%
Certificates of Deposit	N/A	99.82%

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments held by third parties were fully collateralized and held in the District's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment pools utilized by the District were all rated AAAm by Standard & Poor's Investor's Service.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Concentration of Credit Risk

The Investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act.

Foreign Currency Risk for Deposits

The District limits the risk that changes in exchange rates will adversely affect the fair value of a deposit. At year-end, the District was not exposed to foreign currency risk.

Lyford Consolidated Independent School District
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Property tax

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the property tax rolls on August 1, 2021, upon which the levy for the 2021-2022 fiscal year was based, was \$771,790,330. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2022, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.96 and \$0.16 per \$100 valuation, respectively, for a total of \$1.12 per \$100 valuation.

Current tax collections for the year ended August 31, 2022, was 98% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of August 31, 2022, property taxes receivable was \$918,288 and \$119,334, in the general fund and debt service fund with a corresponding allowance of \$77,294 and \$9,596, respectively.

Disaggregation of Receivables and Payables

Receivables at August 31, 2022, were as follows:

	Property Taxes, Net	Other Governments	Due from Other Funds	Total Receivables
Governmental Funds:				
General Fund	\$ 840,994	\$ 843,589	\$ 4,723,579	\$ 6,408,162
ESSER II	-	1,692,526	-	1,692,526
ARP Act ESSER III	-	1,026,716	-	1,026,716
Nonmajor Governmental Funds	109,738	1,024,179	61,853	1,195,770
Total Governmental Funds	\$ 950,732	\$ 4,587,010	\$ 4,785,432	\$ 10,323,174

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Disaggregation of Receivables and Payables (Continued)

Payables at August 31, 2022, were as follows:

	Accounts Payable	Salaries & Benefits	Due to Other Funds	Due to Other Governments	Total Payables
Governmental Funds:					
General Fund	\$ 969,725	\$ 1,056,878	\$ 803,557	\$ -	\$ 2,830,160
ESSER II	-	-	1,672,808	19,718	1,692,526
ARP Act ESSER III	75,263	-	951,453	-	1,026,716
Nonmajor Governmental Funds	1,000,228	-	1,357,614	-	2,357,842
Total Governmental Funds	\$ 2,045,216	\$ 1,056,878	\$ 4,785,432	\$ 19,718	\$ 7,907,244

Due From and To Other Governments and Agencies

Amounts due to and from other governments and agencies as of August 31, 2022 are as follows:

	Due from	Due To
<u>General Fund</u>		
Texas Education Agency: Foundation Revenues	\$ 777,032	\$ -
State Department of Agriculture: School Breakfast Program/National Lunch Program	66,557	-
<u>ESSER II</u>		
Texas Education Agency: Elementary and Secondary School Emergency Relief Fund II	1,692,526	19,718
<u>ARP Act ESSER III</u>		
Texas Education Agency: Elementary and Secondary School Emergency Relief Fund III	1,026,716	-
<u>Other Governmental Funds</u>		
Texas Education Agency:		
ESEA Title IX, Part A -Edu. For The Homeless Children	11,660	-
ESEA, Title I Part A Improving Basic Program	233,882	-
ESEA, Title I Part C Migratory Children	57,281	-
IDEA Part B, Formula	63,656	-
IDEA Part B, Formula – ARP Act (Stimulus)	27,625	-
Career and Technical - Basic Grant	51,331	-
ESEA, Title V, Part B,– Rural And Low-Income Program	14,231	-
ESEA, Title II, Part A Training and Recruiting	39,118	-
Title III, Part A English Language Acquisition	1,082	-
Instructional Materials Allotment	159,186	-
State Entitlements	7,945	-
Title IV, Part A, Subpart 1	322,513	-
Other Governments:		
Gaining Early Awareness and Readiness for Undergraduate Programs	34,669	-
	\$ 4,587,010	\$ 19,718

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended August 31, 2022, was as follows:

	Beginning Balance 9/01/2021	Additions	Retirements	Transfers	Ending Balance 8/31/2022
Capital assets, not being depreciated:					
Land	\$ 329,972	\$ -	\$ -	\$ -	\$ 329,972
Construction in Progress	172,211	3,780,747	-	(172,211)	3,780,747
Total capital assets, not being depreciated	502,183	3,780,747	-	(172,211)	4,110,719
Capital assets, being depreciated					
Buildings and improvements	29,770,747	-	-	172,211	29,942,958
Furniture and equipment	6,249,357	1,934,033	-	-	8,183,390
Other capital assets	3,158,317	-	-	-	3,158,317
Total capital assets, being depreciated	39,178,421	1,934,033	-	172,211	41,284,665
Less accumulated depreciation for					
Buildings and improvements	(10,412,857)	(583,895)	-	-	(10,996,752)
Furniture and equipment	(4,943,041)	(347,907)	-	-	(5,290,948)
Other capital assets	(1,145,292)	(592,813)	-	-	(1,738,105)
Total accumulated depreciation	(16,501,190)	(1,524,615)	-	-	(18,025,805)
Total capital assets, being depreciated, net	22,677,231	409,418	-	172,211	23,258,860
Governmental activities, capital assets, net	\$ 23,179,414	\$ 4,190,165	\$ -	\$ -	\$ 27,369,579

Depreciation was charged to the following functions:

Governmental Activities:

Instruction	\$ 737,057
Instructional Resources and Media Services	28,592
School Leadership	66,232
Student Transportation	41,684
Food Service	131,100
Extracurricular Activities	106,764
General Administration	153,710
Plant Maintenance and Operations	190,454
Security and Monitoring Services	23,907
Data Processing Services	45,114
	\$ 1,524,615

Lyford Consolidated Independent School District
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Right to Use Leased Assets

The Lyford Consolidated Independent School District has a total of 2 leases across 1 lease type. The assets are right to use assets for leased copiers. The related leases are discussed in the long term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the District for the year ended August 31, 2022, was as follows:

	Beginning Balance 9/01/2021	Additions	Retirements	Ending Balance 8/31/2022
Governmental Activities:				
Right to use assets				
Leased equipment	\$ 234,458	\$ -	\$ -	\$ 234,458
Total right to use assets	234,458	-	-	234,458
Less accumulated amortization for				
Leased equipment	-	(78,152)	-	(78,152)
Total accumulated amortization	-	(78,152)	-	(78,152)
Right to use assets, net	\$ 234,458	\$ (78,152)	\$ -	\$ 156,306

Amortization was charged to the following functions:

Governmental Activities:	
Instruction	\$ 55,290
Instructional Leadership	1,501
Food Service	3,004
Extracurricular Activities	3,065
General Administration	11,308
Plant Maintenance and Operations	1,125
Security and Monitoring Services	1,554
Data Processing Services	1,305
	<u>\$ 78,152</u>

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Obligations

Long-term obligations include bonds, loans, and financing arrangements. Changes in long-term obligations for the year ended August 31, 2022 are as follows:

Governmental Activities	Beginning Balance 9/1/2021	Increase	Decrease	Ending Balance 8/31/2022	Due Within One Year
Bonds payable:					
Unlimited Tax Refunding Bonds, Series 2006	\$ 510,000	\$ -	\$ (510,000)	\$ -	\$ -
Unlimited Tax Refunding Bonds, Series 2017	2,970,000	-	(870,000)	2,100,000	250,000
Total bonds payable	3,480,000	-	(1,380,000)	2,100,000	250,000
General long-term debt:					
Financing arrangements	1,640,633	-	(638,194)	1,002,439	352,769
Premium on bonds	113,169	-	(41,558)	71,611	13,253
Total general long-term debt	1,753,802	-	(679,752)	1,074,050	366,022
Total governmental long-term debt	\$ 5,233,802	\$ -	\$ (2,059,752)	\$ 3,174,050	\$ 616,022

In addition to the long-term debt obligations, the District reports other long-term liabilities for the District's Teacher Retirement System net pension liability and net OPEB liabilities as referred to in Note 4 Defined Benefit Pension Plan and Note 5 Defined Other Post-Employment Benefit Plan.

Unlimited Tax Refunding Bonds:

Bonds payable at August 31, 2022 is comprised of the following:

The District issued \$6,436,582 Series 2017 refunding bonds with interest rate ranging from 3% to 4% to advance refund \$3,701,582 of the 2007 unlimited tax refunding bonds. These bonds mature August 15, 2032. \$2,100,000

Total unlimited tax refunding bonds **\$2,100,000**

Financing Arrangements Obligations:

Finance arrangement dated July 22, 2020, payable in annual installments of \$34,750 including interest at 2.05% with the first payment due on August 31, 2020. The finance arrangement is to finance the purchase of a school bus. \$35,263

Finance arrangement dated July 1, 2021, payable in annual installments of \$329,244 including interest at 1.09% with the first payment due on September 1, 2021. The finance arrangement is to finance the purchase of computers and electronic equipment. 967,176

Total capital leases **\$1,002,439**

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Obligations (Continued)

In August 2022, the District transferred \$747,817 of existing resources to an irrevocable trust with an escrow agent that is restricted to owning only risk-free monetary assets for the purpose of extinguishing a portion of the District's outstanding debt before scheduled maturity. The early extinguishment was authorized for \$725,000 of outstanding principal of the Series 2017 Refunding bonds and also to cover costs of issuance in order to lower the overall debt service requirements for the District. The bonds are considered to be defeased and are no longer reported as a long term liability in accordance with the economic measurement resource focus.

The defeasance funded with existing resources resulted in an overall economic gain of \$165,683 and gross savings (difference between the present value of the debt service payment of the old and new debt) of \$927,500. At September 30, 2022, the defeased portion of the Series 2017 refunding bonds \$725,000.

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2022.

Debt service requirements on long-term debt at August 31, 2022 are as follows:

Year Ending August 31,	Total Bonds Payable		Financing Arrangement		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	250,000	84,750	352,769	11,226	602,769	95,976
2024	250,000	77,250	318,505	10,740	568,505	87,990
2025	260,000	69,750	331,165	-	591,165	69,750
2026	270,000	61,950	-	-	270,000	61,950
2027	280,000	53,850	-	-	280,000	53,850
2028-2031	790,000	110,400	-	-	790,000	110,400
Total	\$ 2,100,000	\$ 457,950	\$ 1,002,439	\$ 21,966	\$ 3,102,439	\$ 479,916

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Other Long-Term Liabilities

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The Lyford Consolidated Independent School District has a total of 2 leases across 1 lease type. The agreements are for copier machines are for 3 years each and payments range from \$2,386 to \$4,326. The lease liabilities are measured at a discount rate of 2%, which is the District’s incremental borrowing rate.

As a result of the leases, the District has a recorded right to use asset with a value of \$234,458 and amortization of \$78,152 at August 31, 2022. The right to use asset is discussed in more detail in the “Right to Use Leased Assets” section of this note.

Changes in the lease liability for the year ended August 31, 2022 are as follows:

Governmental Activities	Beginning Balance 9/1/2021	Increase	Decrease	Ending Balance 8/31/2022	Due Within One Year
Lease Liabilities	\$ 234,458	\$ -	\$ (70,237)	\$ 164,221	\$ 78,020

Year Ending August 31,	Principal	Interest	Total
2023	\$ 78,020	\$ 2,431	\$ 80,451
2024	79,508	944	80,452
2025	6,693	11	6,704
Total	\$ 164,221	\$ 3,386	\$ 167,607

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 4,460,335	\$ 1,632,839	\$ 6,093,174
Food sales	232,186	-	232,186
Investment income	4,899	2,560	7,459
Penalties, interest and other	100,019	13,618	113,637
Co-curricular student activities	46,523	-	46,523
Other	4,836,457	65,949	4,902,406
	<u>\$ 9,680,419</u>	<u>\$ 1,714,966</u>	<u>\$ 11,395,385</u>

Deferred Outflows/Inflows of Resources

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements as of August 31, 2022 are as follows:

	Statement of Net Position	Balance Sheet- Governmental Funds	
	Governmental Activities	General Fund	Other Governmental Funds
Deferred outflows of resources:			
Deferred charge on refunding	\$ 178,072	\$ -	\$ -
Deferred outflow related to TRS	1,491,342	-	-
Deferred outflow related to OPEB	914,050	-	-
Total deferred outflows of resources	<u>\$ 2,583,464</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred inflows of resources:			
Deferred inflows related to TRS	\$ 3,069,899	\$ -	\$ -
Deferred inflows related to OPEB	3,915,537	-	-
Unavailable property taxes	-	840,993	109,737
Total deferred inflows of resources	<u>\$ 6,985,436</u>	<u>\$ 840,993</u>	<u>\$ 109,737</u>

Lyford Consolidated Independent School District
Notes to Financial Statements

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at August 31, 2022 were:

Due From	Due To	
General Fund:		
Funds within General Fund	General Fund	\$ 741,707
ESEA Title IX, Part A -Edu. For The Homeless Children	General Fund	11,660
ESEA, Title I Part A Improving Basic Program	General Fund	233,703
ESEA, Title I Part C Migratory Children	General Fund	116,281
IDEA- Part B, Formula	General Fund	64,883
Summer Feeding Program	General Fund	441
Career and Technical - Basic Grant	General Fund	51,331
ESEA, Title II, Part A Training and Recruiting	General Fund	39,118
Title III, Part A English Language Acquisition	General Fund	1,082
Title IV, Part B Community Learning	General Fund	2,147
Instructional Materials Allotment	General Fund	487,120
ESEA, Title V, Part B Rural & Low Income	General Fund	14,231
Gaining Early Awareness and Readiness for Undergraduate Programs	General Fund	34,303
Elementary and Secondary School Emergency Relief Fund II	General Fund	1,672,808
Elementary and Secondary School Emergency Relief Fund III	General Fund	951,453
IDEA Part B, Formula – ARP Act (Stimulus)	General Fund	27,625
Other State Special Revenue Funds	General Fund	658
Debt Service Fund	General Fund	6,406
Federally Funded Special Revenue Funds	General Fund	266,625
Other Funds:		
General Fund	Debt Service Fund	61,850
		\$ 4,785,432

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

General Fund Federal Source Revenues

Federally financed programs are generally accounted for in the Special Revenue Funds of the District, except for indirect costs charged to federal programs which are accounted for in the General Fund as prescribed by the TEA and certain direct revenues. The District recognized in the General fund such revenues for the year ended August 31, 2022, from various federal sources as follows:

Programs or Source	AL Number	Amount
School Breakfast Program	10.553	\$ 369,611
National School Lunch Program- Cash Assistance	10.555	908,622
National School Lunch Program- Non-cash Assistance	10.555	92,374
Child and Adult Care Food Program	10.558	196,486
SHARS	N/A	169,834
TDEM	N/A	7,390
		\$ 1,744,317

NOTE 4: DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

Contributions

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

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

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. *Contributions rates can be found in the TRS 2021 ACFR, Note 11, on page 85 and 86.*

Contribution Rates		
	2021	2022
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA). Contributions as of the pension plan measurement date were as follows:

Current fiscal year employer contributions	\$ 378,210
Current fiscal year member contributions	\$ 986,687
2021 measurement year NECE on-behalf contributions	\$ 637,490

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 part 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 school or charter school, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation rolled forward to August 31, 2021 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020, rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term Expected Rate of Return	7.25%
Municipal Bond Rate as of August 2019	1.95% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumption used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions please see the TRS actuarial valuation report dated November 20, 2020.

Discount Rate

The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 %. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the 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. Based upon 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 period of projected benefit payments to determine the total pension liability.

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2021 (see page 53 of TRS ACFR) are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate Returns ²	Expected Contribution To Long-Term Portfolio Returns ³
Global Equity			
USA	18.00%	3.60%	0.94%
Non - U. S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	-0.20%	0.01%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources & Infrastructure	16.00%	4.70%	0.35%
Risk Parity			
Risk Parity	8.00%	2.80%	0.28%
Leverage			
Cash	2.00%	-0.70%	-0.01%
Asset Allocation Leverage	-6.00%	-0.50%	0.03%
Inflation Expectation			2.20%
Volatility Drag ⁴			-0.95%
Expected Return	110%	32%	6.90%

¹Absolute Return Includes Credit Sensitive Investments

²Target Allocation are based on the FY 2021 policy model

³Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021)

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

Lyford Consolidated Independent School District
Notes to Financial Statements

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate of 7.25% and the net pension liability would be if it were calculated using a discount rate that is 1% lower than and 1% higher than the current rate.

	1% Decrease In Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase In Discount Rate (8.25%)
District's proportionate share of the net pension liability	\$ 4,824,561	\$ 2,207,877	\$ 84,951

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

At August 31, 2022, the District reported a liability of \$2,207,877 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 2,207,877
State's proportionate share that is associated with the District	3,804,265
Total	\$ 6,012,142

The net pension liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2021 the employer's proportion of the collective net pension liability was .0086697432% which was a decrease of .0016615505% from its proportion measured as of August 31, 2020.

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

Changes Since the Prior Actuarial Valuation

- There are no changes in assumptions since the prior measurement period.

For the year ended August 31, 2022, the District recognized pension expense of \$161,305 and revenue of \$15,209 for support provided by the State.

At August 31, 2022, the District reports its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,695	\$ 155,436
Changes in actuarial assumptions	780,441	340,205
Difference between projected and actual investment earnings	-	1,851,276
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	328,996	722,982
Total net amounts per August 31, 2021 measurement date	\$ 1,113,132	\$ 3,069,899
 Contributions paid to TRS subsequent to the measurement date	 378,210	 -
 Total	 \$ 1,491,342	 \$ 3,069,899

The \$378,210 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2023. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Pension Plan Years Ending August 31,	Pension Expense Amount
2023	\$ (330,763)
2024	(331,288)
2025	(511,454)
2026	(621,871)
2027	(119,216)
Thereafter	(42,175)

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)

Changes Since the Prior Actuarial Valuation (Continued)

The following is the changes reported in other long-term liabilities regarding the District's Net Pension Liability as of August 31, 2022:

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	\$ 5,533,230	\$ (2,955,374)	\$ 369,979	\$ 2,207,877

NOTE 5: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description. The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System (TRS) Board of Trustees. It is established and administered in accordance with Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and 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.

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 5: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

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

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

The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2021	2022
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 122,236
Current fiscal year member contributions		\$ 80,169
2021 measurement year NECE on-behalf contributions		\$ 138,698

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 5: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Actuarial Assumptions. The total OPEB liability in the August 31, 2020 was rolled forward to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2021 TRS ACFR, Note 9, page 76.*

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

	Rates of Mortality Rates of Retirement Rates of Termination	Rates of Disability General Inflation Wage Inflation
Additional Actuarial Methods and Assumptions:		
Valuation Date		August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method		Individual Entry Age Normal
Inflation		2.30%
Discount Rate		1.95% as of August 31, 2021
Aging Factors		Based on Plan Specific Experience
Election Rates		Normal retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65
Expenses		Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases		3.05%-9.05%, including inflation
Ad-hoc Post Employment Benefit Changes		None

Discount Rate. A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of .38 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 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.

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 5: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease In Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase In Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability	\$ 6,165,805	\$ 5,111,631	\$ 4,281,962

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate of 4.25%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability	\$4,140,252	\$5,111,631	\$6,414,981

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

At August 31, 2022, the District reported a liability of \$5,111,631 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	\$ 5,111,631
State's proportionate share that is associated with the District	<u>6,848,446</u>
Total	<u>\$11,960,077</u>

The net OPEB liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At August 31, 2020, the employer's proportion of the collective Net OPEB Liability was .0132513322% which was a decrease of -0.0003799146% from its proportion measured as of August 31, 2020.

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 5: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased 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, 2022, the District recognized OPEB expense/(benefit) of (\$477,528) and revenue of (\$252,760) for support provided by the State.

At 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 Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 220,080	\$ 2,474,387
Changes in actuarial assumptions	566,173	1,081,015
Difference between projected and actual investment earnings	5,549	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	12	360,135
Total net amounts per August 31, 2021 measurement date	\$ 791,814	\$ 3,915,537
Contributions paid to TRS subsequent to the measurement date	122,236	-
Total	\$ 914,050	\$ 3,915,537

**Lyford Consolidated Independent School District
Notes to Financial Statements**

NOTE 5: DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

Pension Plan Years Ending August 31,	Pension Expense
2023	\$ (592,462)
2024	(592,587)
2025	(592,553)
2026	(458,003)
2027	(275,842)
Thereafter	(612,276)

The following is the changes reported in other long-term liabilities regarding the District’s Net OPEB Liability as of August 31, 2022:

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 5,181,852	\$ 33,302	\$ 103,523	\$ 5,111,631

Medicare Prescription Drug Program

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care received retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2022, 2021 and 2020 the subsidy payments received by TRS-Care on behalf of the District were \$46,966, \$48,586, and \$48,669, respectively.

NOTE 6: COMMITMENTS AND CONTINGENCIES

The District has active construction projects consisting of various improvements and renovation initiatives throughout the different campuses with a total estimated cost of \$4,474,596. As of August 31, 2022, the District’s commitments with contractors is estimated to be \$3,514,976.

Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. There are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Lyford Consolidated Independent School District
Notes to Financial Statements

NOTE 6: COMMITMENTS AND CONTINGENCIES (Continued)

The District is a party to various legal actions, none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 7: COMPLIANCE AND ACCOUNTABILITY

a. Finance-Related Legal and Contractual Provision

In accordance with GASB Cod. Sec. 2300.106.h, Notes to Financial Statements – violations of finance and related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violations	Action Taken
None noted	None necessary

b. Deficit Fund Balance or Fund Net Position of Individual Funds

The District reported a deficit fund balance of \$(979,204) in the Capital Project Fund in the current year. In addition other funds reported deficit fund balances in the amount of \$(327,934) and \$(658) in the State Instructional Material fund and Other State Special Revenue funds, respectively. The District has a negative unrestricted net position in Governmental Activities of \$(4,299,120). The result of this negative balance is due to the effect of the District’s proportionate share of the net pension and OPEB liabilities required by GASB Codification Section P20 and GASB Codification P50.

NOTE 8: RISK MANAGEMENT

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

NOTE 9: LIMITED ASSESSED VALUE AGREEMENTS (TAX ABATEMENTS)

Tax Code Chapter 313 allows public school districts to offer businesses a 10-year limitation on property value for a portion of the property tax in exchange for investment and creation of jobs meeting certain requirements. The District has entered into Limited Assessed Value Agreements (commonly referred to as “Chapter 313 Agreements”) with Magic Valley Wind I, LLC, West Raymond Wind Farm, LLC (#201 & #1475), Las Majadas Wind Farm, LLC, El Sauz Ranch Wind, and Ponte Alto Windpower, LLC, as an incentive for the entity to add taxable property within the District and create wind energy jobs.

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 9: LIMITED ASSESSED VALUE AGREEMENTS (TAX ABATEMENTS) (Continued)

The District entered into an agreement with Magic Valley Wind I, LLC (Agreement #189) on November 14, 2011 under the authority of Chapter 313 “Texas Economic Development Act” of the Texas Tax Code, Title 3, Subtitle B. This agreement is for Magic Valley Wind I, LLC to invest capital estimated at \$104,751,050 on a long-term basis with a valuation of \$10,000,000. For fiscal year 2022 which is the tenth year of the agreement, the M & O tax rate is \$0.96 per \$100 with estimated property value at \$55,871,850 being taxed at \$10,000,000.

The District entered into an agreement with West Raymond Wind Farm, LLC (Agreement #201) on December 12, 2011 under the authority of Chapter 313 “Texas Economic Development Act” of the Texas Tax Code, Title 3, Subtitle B. This agreement is for West Raymond Wind Farm, LLC to invest capital estimated at \$494,273,590 on a long-term basis with a valuation of \$10,000,000. For fiscal year 2022, which is the tenth year of the agreement, the M & O tax rate is \$0.96 per \$100 with estimated property value at \$178,246,705 being taxed at \$10,000,000.

The District entered into an agreement with Las Majadas Wind Farm, LLC (Agreement #1150) on August 8, 2017 under the authority of Chapter 313 “Texas Economic Development Act” of the Texas Tax Code, Title 3, Subtitle B. This agreement is for Las Majadas Wind Farm, LLC to invest capital estimated at \$262,000,000 on a long-term basis with a valuation of \$20,000,000. For fiscal year 2022, which is the third year of the agreement, the M & O tax rate is \$9.06 per \$100 of valuation with estimated property value at \$265,750,000 being taxed at \$20,000,000.

The District entered into an agreement with El Sauz Ranch Wind, LLC (Agreement # 1155) on June 14, 2021 under the authority of Chapter 313 “Texas Economic Development Act” of the Texas Tax Code, Title 3, Subtitle B. This agreement is for El Sauz Ranch Wind, LLC to invest capital estimated at \$266,170,000 on a long-term basis with a valuation of \$20,000,000. For fiscal year 2022, which is the first year of the agreement, the M & O tax rate is \$0.96 per \$100 of valuation. No value was reported for fiscal year 2022.

The District entered into an agreement with Ponte Alto Windpower, LLC (Agreement # 1379) on December 9, 2019 under the authority of Chapter 313 “Texas Economic Development Act” of the Texas Tax Code, Title 3, Subtitle B. This agreement is for Ponte Alto Windpower, LLC to invest capital estimated at \$269,000,000 on a long-term basis with a valuation of \$20,000,000. For fiscal year 2022, which is the third year of the agreement, the M & O tax rate is \$0.96 per \$100 of valuation. No value was reported for fiscal year 2022.

The District entered into an agreement with West Raymond Farm, LLC (Agreement # 1475) on October 12, 2020 under the authority of Chapter 313 “Texas Economic Development Act” of the Texas Tax Code, Title 3, Subtitle B. This agreement is for West Raymond Farm, LLC to invest capital estimated at \$245,250,000 on a long-term basis with a valuation of \$20,000,000. For fiscal year 2022, which is the second year of the agreement, the M & O tax rate is \$0.96 per \$100 of valuation with estimated property value at \$184,950,000 being taxed at \$20,000,000.

When property is valued, the District forgoes collection of maintenance and operation tax revenue; however limited tax revenue is offset by an increase in state funding through the FSP funding formula.

Lyford Consolidated Independent School District
Notes to Financial Statements

NOTE 10: FUND BALANCES AND NET POSITION

Nonspendable – the District reports nonspendable fund balances for inventories and prepaid items.

Restricted – the District maintains restricted fund balance for federal and state programs and debt service resources that include interest and sinking tax revenues for which tax has been dedicated.

Unassigned – the unassigned fund balance has no constraints.

	General Fund	Other Funds	Total Governmental Funds
Nonspendable:			
Inventories	\$ 6,869	\$ -	\$ 6,869
Prepaid items	233,578	-	233,578
Restricted:			
Federal or State Funds	647,028	39,646	686,674
Retirement of long-term debt	-	463,918	463,918
Committed Fund Balance:			
Other Committed Fund Balance	-	46,041	46,041
Unassigned fund Balance	7,673,809	(1,307,796)	6,366,013
Total Fund Balance	\$ 8,561,284	\$ (758,191)	\$ 7,803,093

	Governmental Activities
Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 27,369,579
Right to use assets, net of accumulated amortization	156,306
Less related liabilities	(3,266,660)
Less unamortized charges	(71,611)
Plus gain/loss on refunding	178,072
Total net investment in capital assets	24,365,686
Restricted net position consists of the following:	
Federal and state programs	686,674
Debt service	463,918
Total restricted net position	1,150,592
Unrestricted net position	(4,299,120)
Total net position	\$ 21,217,158

Lyford Consolidated Independent School District Notes to Financial Statements

NOTE 11: UNCERTANTIES

The Texas Education Agency advised districts regarding the impact of the COVID-19 pandemic on average daily attendance (ADA) reporting and the impact on funding for the 2021-2022 school year. The District also will be able to utilize funding from various federal grant programs to offset losses of revenue associated with the pandemic and costs of implementing safety protocols and distance learning strategies. The full extent of the ongoing impact of COVID-19 on the District's 2021-2022 fiscal year and longer-term operational and financial performance will depend on future developments, many of which are outside of the District's control, including the effectiveness of the mitigation strategies related to COVID-19, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted.

NOTE 12: SUBSEQUENT EVENTS

In September 2022, the District issued \$24,705,000 Unlimited Tax School Building Bonds, Series 2022 maturing August 15, 2023 through August 15, 2052. Proceeds from the sale of the bond will be used for the purpose of design, construction, acquisition, rehabilitation, renovation, expansion, improvement and equipment of school buildings in the District, and the purchase of the necessary sites for school buildings and to pay the costs of issuing the Bonds. Management evaluated all events or transactions that occurred after August 31, 2022 through January 20, 2023, the date the current year's financial statements were available.



**REQUIRED
SUPPLEMENTARY
INFORMATION**



LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,636,007	\$ 9,656,332	\$ 9,680,419	\$ 24,087
5800 State Program Revenues	13,386,130	10,998,547	11,811,353	812,806
5900 Federal Program Revenues	1,559,104	1,621,104	1,744,317	123,213
5020 Total Revenues	21,581,241	22,275,983	23,236,089	960,106
EXPENDITURES:				
Current:				
0011 Instruction	8,757,996	6,574,670	6,175,952	398,718
0012 Instructional Resources and Media Services	147,176	131,480	112,939	18,541
0013 Curriculum and Instructional Staff Development	347,272	283,420	269,251	14,169
0021 Instructional Leadership	113,656	105,632	81,344	24,288
0023 School Leadership	976,142	835,347	809,335	26,012
0031 Guidance, Counseling, and Evaluation Services	252,403	391,250	367,243	24,007
0032 Social Work Services	50,312	46,812	47,489	(677)
0033 Health Services	219,931	186,357	154,159	32,198
0034 Student (Pupil) Transportation	635,026	580,026	499,567	80,459
0035 Food Services	1,543,300	1,563,300	1,464,676	98,624
0036 Extracurricular Activities	1,225,950	1,325,857	1,274,072	51,785
0041 General Administration	1,655,024	1,676,259	1,626,388	49,871
0051 Facilities Maintenance and Operations	2,601,451	2,160,200	2,196,782	(36,582)
0052 Security and Monitoring Services	548,505	847,400	391,194	456,206
0053 Data Processing Services	624,723	572,258	546,736	25,522
0061 Community Services	26,986	43,986	29,593	14,393
Debt Service:				
0071 Principal on Long-Term Liabilities	840,794	630,465	408,581	221,884
0072 Interest on Long-Term Liabilities	-	178	20,704	(20,526)
Capital Outlay:				
0081 Facilities Acquisition and Construction	112,000	4,584,088	3,357,610	1,226,478
6030 Total Expenditures	20,678,647	22,538,985	19,833,615	2,705,370
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	902,594	(263,002)	3,402,474	3,665,476
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	(100,000)	-	100,000
1200 Net Change in Fund Balances	902,594	(363,002)	3,402,474	3,765,476
0100 Fund Balance - September 1 (Beginning)	5,158,810	5,158,810	5,158,810	-
3000 Fund Balance - August 31 (Ending)	\$ 6,061,404	\$ 4,795,808	\$ 8,561,284	\$ 3,765,476

LYFORD CONSOLIDATED 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, 2022

	Measurement Year Ended August 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0086697432%	0.0103312937%	0.0094238755%	0.0096870735%	0.0096720086%	0.0090332430%	0.0099327000%	0.0064971000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,207,877	\$ 5,533,230	\$ 4,898,825	\$ 5,332,000	\$ 3,092,587	\$ 3,413,528	\$ 3,511,077	\$ 1,735,465
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	3,804,265	7,407,081	8,003,521	8,544,540	5,536,163	6,673,050	6,305,738	5,254,219
Total	<u>\$ 6,012,142</u>	<u>\$ 12,940,311</u>	<u>\$ 12,902,346</u>	<u>\$ 13,876,540</u>	<u>\$ 8,628,750</u>	<u>\$ 10,086,578</u>	<u>\$ 9,816,815</u>	<u>\$ 6,989,684</u>
District's Covered Payroll	\$ 11,303,572	\$ 11,523,957	\$ 10,889,624	\$ 10,688,497	\$ 10,842,344	\$ 10,314,685	\$ 10,073,575	\$ 9,665,095
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	19.53%	48.02%	44.99%	49.89%	28.52%	33.09%	34.85%	17.96%
Plan Fiduciary Net Position as a % of Total Pension Liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year Ended August 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 378,210	\$ 371,546	\$ 422,982	\$ 332,446	\$ 322,788	\$ 316,992	\$ 287,009	\$ 227,651
Contribution in Relation to Contractually Required Contribution	(378,210)	(371,546)	(422,982)	(332,446)	(322,788)	(316,992)	(287,009)	(227,651)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,355,371	\$ 11,303,572	\$ 11,523,957	\$ 10,889,621	\$ 10,668,497	\$ 10,842,344	\$ 10,314,685	\$ 10,073,575
Contributions as a % of Covered Payroll	3.06%	3.29%	3.67%	3.05%	3.03%	2.92%	2.78%	2.26%

Note: Only eight years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LYFORD CONSOLIDATED 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, 2022

	Measurement Year Ended August 31,				
	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0132513322%	0.0136312468%	0.0136827993%	0.0137461808%	0.0140372847%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 5,111,631	\$ 5,181,852	\$ 6,470,763	\$ 6,863,594	\$ 6,104,289
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	6,848,446	6,963,168	8,598,197	8,549,817	7,909,222
Total	<u>\$ 11,960,077</u>	<u>\$ 12,145,020</u>	<u>\$ 15,068,960</u>	<u>\$ 15,413,411</u>	<u>\$ 14,013,511</u>
District's Covered Payroll	\$ 11,303,572	\$ 11,523,957	\$ 10,889,621	\$ 10,688,497	\$ 10,842,344
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	45.22%	44.97%	59.42%	64.21%	56.30%
Plan Fiduciary Net Position as a % of Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2022

	Fiscal Year Ended August 31,				
	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 122,236	\$ 103,321	\$ 103,689	\$ 96,718	\$ 94,838
Contribution in Relation to Contractually Required Contribution	<u>(122,236)</u>	<u>(103,321)</u>	<u>(103,689)</u>	<u>(96,718)</u>	<u>(94,838)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 12,355,371	\$ 11,303,572	\$ 11,523,957	\$ 10,889,621	\$ 10,688,497
Contributions as a % of Covered Payroll	0.99%	0.91%	0.90%	0.89%	0.89%

Note: Only five years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Lyford Consolidated Independent School District Notes to Required Supplementary Information

I. Stewardship, compliance, and accountability

Budgetary information

The Board adopts an “appropriated budget” on a basis consistent with GAAP for the general fund and debt service fund. At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these two funds.

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

- Prior to August 20th for a fiscal year start date of September 1, the District prepares a budget based on the modified zero-based budgeting concept for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- After one or more budget workshops with the Board, a meeting is called for the purpose of adopting the proposed budget. At least ten days but not more than 30 days public notice of the meeting is required.
- Prior to August 31st for a fiscal year start date of September 1st, the Board legally adopts the budget for the general fund and debt service fund.
- After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires Board approval prior to the fact. These amendments are presented to the Board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.
- Expenditure budgets are controlled at the expenditure, functional, and object level by the appropriate budget manager (principal, department director or divisional administrator). Budget managers may authorize transfers within organizational categories that do not affect the total functional appropriation. All budget appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. Appropriations lapse at August 31 and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year’s budget.

Compliance and Accountability

Over the course of the year, the District amended the budget several times. Total expenditures were less than final approved budget by \$2,705,370. Negative variances occurred for 3 functions. For the year ended August 31, 2022 expenditures exceeded budget in the following functional categories:

Function Code	Budget	Actual	Variance
General Fund:			
32 Social Work Services	46,812	47,489	(677)
51 Facilities Maintenance and Operations	2,160,200	2,196,782	(36,582)
72 Interest on Long-Term Debt	178	20,704	(20,526)

Lyford Consolidated Independent School District Notes to Required Supplementary Information

II. Pension and OPEB

TRS Pension

Changes of benefit terms – There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of Assumptions – There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

TRS OPEB Plan

Changes of benefit terms – There were no changes in benefit terms that affected measurement of the Total OPEB liability during the measurement period.

Changes of Assumptions – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent as of August 31, 2021. This change increased the TOL.



OTHER SUPPLEMENTARY INFORMATION



LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2022

Data Control Codes	206 ESSA, IX, A Homeless Children Ed.	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
ASSETS				
1220	\$ -	\$ -	\$ -	\$ -
1230	-	-	-	-
1240	11,660	233,882	57,281	63,656
1260	-	-	-	3,552
1000	<u>\$ 11,660</u>	<u>\$ 233,882</u>	<u>\$ 57,281</u>	<u>\$ 67,208</u>
LIABILITIES				
2110	\$ -	\$ 179	\$ 18,149	\$ 2,325
2170	11,660	233,703	116,281	64,883
2300	-	-	-	-
2000	<u>11,660</u>	<u>233,882</u>	<u>134,430</u>	<u>67,208</u>
DEFERRED INFLOWS OF RESOURCES				
2601	-	-	-	-
2600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	-	-	-	-
3480	-	-	-	-
Committed Fund Balance:				
3545	-	-	-	-
3600	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<u>\$ 11,660</u>	<u>\$ 233,882</u>	<u>\$ 134,430</u>	<u>\$ 67,208</u>

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	270 ESEA V, B,2 Rural & Low Income
\$ -	\$ 3,553	\$ 40,088	\$ -	\$ -	\$ -	\$ 2,147	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	51,331	39,118	1,082	-	14,231
-	(3,552)	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 40,088</u>	<u>\$ 51,331</u>	<u>\$ 39,118</u>	<u>\$ 1,082</u>	<u>\$ 2,147</u>	<u>\$ 14,231</u>
\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	441	51,331	39,118	1,082	2,147	14,231
-	-	-	-	-	-	-	-
<u>-</u>	<u>1</u>	<u>442</u>	<u>51,331</u>	<u>39,118</u>	<u>1,082</u>	<u>2,147</u>	<u>14,231</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	39,646	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>39,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 40,088</u>	<u>\$ 51,331</u>	<u>\$ 39,118</u>	<u>\$ 1,082</u>	<u>\$ 2,147</u>	<u>\$ 14,231</u>

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2022

Data Control Codes	274 GEAR UP	278 ESSER (ARP) Homeless Children	284 IDEA B Formula ARP Act	289 Other Federal Special Revenue Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes	-	-	-	-
1240 Due from Other Governments	34,669	-	27,625	322,513
1260 Due from Other Funds	-	-	-	-
1000 Total Assets	<u>\$ 34,669</u>	<u>\$ -</u>	<u>\$ 27,625</u>	<u>\$ 322,513</u>
LIABILITIES				
2110 Accounts Payable	\$ 366	\$ -	\$ -	\$ -
2170 Due to Other Funds	34,303	-	27,625	266,625
2300 Unearned Revenue	-	-	-	55,888
2000 Total Liabilities	<u>34,669</u>	<u>-</u>	<u>27,625</u>	<u>322,513</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	-	-	-	-
2600 Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3600 Unassigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 34,669</u>	<u>\$ -</u>	<u>\$ 27,625</u>	<u>\$ 322,513</u>

338 SSA - Career & Technical - Work Force	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 46,041	\$ 168,978	\$ 400,528	\$ -	\$ 569,506
-	-	-	-	-	119,334	-	119,334
-	-	-	-	-	(9,596)	-	(9,596)
-	159,186	-	-	1,016,234	7,945	-	1,024,179
-	-	-	-	-	61,853	-	61,853
<u>\$ -</u>	<u>\$ 159,186</u>	<u>\$ -</u>	<u>\$ 46,041</u>	<u>\$ 1,185,212</u>	<u>\$ 580,064</u>	<u>\$ -</u>	<u>\$ 1,765,276</u>
\$ -	\$ -	\$ -	\$ -	\$ 21,021	\$ 3	\$ 979,204	\$ 1,000,228
-	487,120	658	-	1,351,208	6,406	-	1,357,614
-	-	-	-	55,888	-	-	55,888
-	487,120	658	-	1,428,117	6,409	979,204	2,413,730
-	-	-	-	-	109,737	-	109,737
-	-	-	-	-	109,737	-	109,737
-	-	-	-	39,646	-	-	39,646
-	-	-	-	-	463,918	-	463,918
-	-	-	46,041	46,041	-	-	46,041
-	(327,934)	(658)	-	(328,592)	-	(979,204)	(1,307,796)
-	(327,934)	(658)	46,041	(242,905)	463,918	(979,204)	(758,191)
<u>\$ -</u>	<u>\$ 159,186</u>	<u>\$ -</u>	<u>\$ 46,041</u>	<u>\$ 1,185,212</u>	<u>\$ 580,064</u>	<u>\$ -</u>	<u>\$ 1,765,276</u>

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	206 ESSA, IX, A Homeless Children Ed.	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	11,660	770,754	78,578	304,506
5020 Total Revenues	11,660	770,754	78,578	304,506
EXPENDITURES:				
Current:				
0011 Instruction	11,660	669,820	62,931	231,992
0012 Instructional Resources and Media Services	-	21,312	-	-
0013 Curriculum and Instructional Staff Development	-	65,100	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	484	-	72,514
0032 Social Work Services	-	4,725	15,647	-
0033 Health Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	9,313	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	11,660	770,754	78,578	304,506
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	270 ESEA V, B,2 Rural & Low Income
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
2,612	-	-	65,087	39,118	6,032	-	19,800
2,612	-	-	65,087	39,118	6,032	-	19,800
2,612	-	-	65,087	8,029	3,700	-	14,231
-	-	-	-	-	-	-	-
-	-	-	-	9,069	-	-	5,569
-	-	-	-	22,020	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,332	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,612	-	-	65,087	39,118	6,032	-	19,800
-	-	-	-	-	-	-	-
-	-	39,646	-	-	-	-	-
\$ -	\$ -	\$ 39,646	\$ -	\$ -	\$ -	\$ -	\$ -

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	274 GEAR UP	278 ESSER (ARP) Homeless Children	284 IDEA B Formula ARP Act	289 Other Federal Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	54,669	-	27,625	346,633
5020 Total Revenues	54,669	-	27,625	346,633
EXPENDITURES:				
Current:				
0011 Instruction	54,669	-	27,625	22,842
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	450
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	19,741
0036 Extracurricular Activities	-	-	-	-
0052 Security and Monitoring Services	-	-	-	3,750
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	299,850
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	54,669	-	27,625	346,633
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

338 SSA - Career & Technical - Work Force	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 65,949	\$ 65,949	\$ 1,649,017	\$ -	\$ 1,714,966
-	4,638	-	-	4,638	13,240	-	17,878
-	-	-	-	1,727,074	-	-	1,727,074
-	4,638	-	65,949	1,797,661	1,662,257	-	3,459,918
-	164,440	-	-	1,339,638	-	-	1,339,638
-	-	-	-	21,312	-	-	21,312
-	-	-	-	79,738	-	-	79,738
-	-	-	-	22,020	-	-	22,020
-	-	-	-	73,448	-	-	73,448
-	-	-	-	20,372	-	-	20,372
-	-	-	-	19,741	-	-	19,741
-	-	-	70,037	70,037	-	-	70,037
-	-	-	-	3,750	-	-	3,750
-	-	-	-	11,645	-	-	11,645
-	-	-	-	299,850	1,402,817	-	1,702,667
-	-	-	-	-	102,631	-	102,631
-	-	-	-	-	11,000	-	11,000
-	-	-	-	-	-	979,204	979,204
-	164,440	-	70,037	1,961,551	1,516,448	979,204	4,457,203
-	(159,802)	-	(4,088)	(163,890)	145,809	(979,204)	(997,285)
-	(168,132)	(658)	50,129	(79,015)	318,109	-	239,094
\$ -	\$ (327,934)	\$ (658)	\$ 46,041	\$ (242,905)	\$ 463,918	\$ (979,204)	\$ (758,191)



TEXAS EDUCATION AGENCY REQUIRED SCHEDULES



LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2022

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2013 and prior years	\$ 1.170000	\$ 0.160000	\$ 406,526,501
2014	1.170000	0.050000	871,751,835
2015	1.170000	0.110000	473,921,940
2016	1.170000	0.110000	447,975,813
2017	1.170000	0.150000	383,984,860
2018	1.170000	0.140000	385,756,629
2019	1.170000	0.150000	384,845,247
2020	1.070000	0.160000	373,168,453
2021	1.050000	0.160000	350,458,042
2022 (School year under audit)	0.960000	0.160000	771,790,330
1000 TOTALS			

(10) Beginning Balance 9/1/2021	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2022
\$ 372,882	\$ -	\$ 18,737	\$ 1,693	\$ (1,751)	\$ 350,701
45,642	-	4,107	175	-	41,360
45,352	-	5,781	544	(150)	38,877
137,110	-	8,528	802	(161)	127,619
91,984	-	10,769	1,381	(298)	79,536
61,667	-	13,746	1,645	(477)	45,799
70,117	-	16,418	2,105	(481)	51,113
88,843	-	22,622	3,388	(1,244)	61,589
173,000	-	60,351	9,155	(5,755)	97,739
-	6,296,051	4,311,093	1,604,153	(237,516)	143,289
<u>\$ 1,086,597</u>	<u>\$ 6,296,051</u>	<u>\$ 4,472,152</u>	<u>\$ 1,625,041</u>	<u>\$ (247,833)</u>	<u>\$ 1,037,622</u>

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 109,396	\$ 109,396	\$ 232,186	\$ 122,790
5800 State Program Revenues	24,800	44,800	24,706	(20,094)
5900 Federal Program Revenues	1,409,104	1,409,104	1,567,093	157,989
5020 Total Revenues	<u>1,543,300</u>	<u>1,563,300</u>	<u>1,823,985</u>	<u>260,685</u>
EXPENDITURES:				
Current:				
0035 Food Services	<u>1,543,300</u>	<u>1,563,300</u>	<u>1,464,676</u>	<u>98,624</u>
6030 Total Expenditures	<u>1,543,300</u>	<u>1,563,300</u>	<u>1,464,676</u>	<u>98,624</u>
1200 Net Change in Fund Balances	-	-	359,309	359,309
0100 Fund Balance - September 1 (Beginning)	<u>287,719</u>	<u>287,719</u>	<u>287,719</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 287,719</u>	<u>\$ 287,719</u>	<u>\$ 647,028</u>	<u>\$ 359,309</u>

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,671,639	\$ 1,671,639	\$ 1,649,017	\$ (22,622)
5800 State Program Revenues	-	13,300	13,240	(60)
5020 Total Revenues	1,671,639	1,684,939	1,662,257	(22,682)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	769,045	1,584,144	1,402,817	181,327
0072 Interest on Long-Term Liabilities	-	99,045	102,631	(3,586)
0073 Bond Issuance Cost and Fees	-	1,750	11,000	(9,250)
6030 Total Expenditures	769,045	1,684,939	1,516,448	168,491
1200 Net Change in Fund Balances	902,594	-	145,809	145,809
0100 Fund Balance - September 1 (Beginning)	-	318,109	318,109	-
1300 Increase (Decrease) in Fund Balance	318,109	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ 1,220,703	\$ 318,109	\$ 463,918	\$ 145,809

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2022

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.	1,743,718
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1,535,061

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.	63,956
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	25,946



SINGLE AUDIT SECTION



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

To the Board of Trustees
Lyford Consolidated Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyford Consolidated Independent School District (the "District"), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Lyford Consolidated Independent School District's basic financial statements and have issued our report thereon dated January 19, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

(This page intentionally left blank)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lyford Consolidated 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*.

Lyford Consolidated Independent School District's Response to Findings

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

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.

Carr, Rigg & Ingram, L.L.C.

Harlingen, Texas
January 19, 2023

(This page intentionally left blank)

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

To the Board of Trustees
Lyford Consolidated Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lyford Consolidated Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended August 31, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Lyford Consolidated Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Lyford Consolidated 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 the District's compliance with the compliance requirements referred to above.

(This page intentionally left blank)

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

(This page intentionally left blank)

Report on Internal Control over Compliance

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

Harlingen, Texas
January 19, 2023

(This page intentionally left blank.)

**Lyford Consolidated Independent School District
Schedule of Findings and Questioned Costs**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant deficiencies identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> nonereported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
• Significant deficiencies identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> nonereported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> nonereported

Identification of major programs:

<i>Name of Federal Program or Cluster</i>	<i>Assistance Listing Number(s)</i>
Child Nutrition Cluster	10.553 & 10.555
COVID-19 Education Stabilization Fund	84.425D & 84.425U

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

Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
--	---	-----------------------------

Lyford Consolidated Independent School District Schedule of Findings and Questioned Costs

SECTION II – Findings Related to the Financial Statement Audit as Required to Be Reported in Accordance with Generally Accepted Government Auditing Standards

Significant Deficiency in Internal Control

Reference Number: 2022-001

Bank Reconciliations

Criteria:

The District's bank reconciliation process should involve procedures to ensure bank reconciliations are performed in a more timely manner in order to provide for internal and external review and approval.

Condition Found:

In conducting the audit of Lyford Consolidated Independent School District, it was noted the payroll bank reconciliation was not prepared since March 2022. Most importantly, the payroll cash account was not reconciled until January 2023 shortly before the audit was completed.

Cause:

The current monthly and year-end closing processes were exacerbated by disruptions to financial operations due to turnover of personnel in the finance and payroll department.

Effect:

The unreconciled bank accounts present a significant deficiency in controls over the accounting process. This increases the risk that the financial statements can be materially misstated, including interim financial information that is reported throughout the fiscal year.

Recommendation:

Management and finance personnel should review financial records throughout the year and make adjustments as necessary. In addition, we recommend that the District establish time periods for performing bank reconciliations and monitor the process to ensure accounts are reconciled timely and include appropriate reconciling items.

Views of Responsible Officials:

Management agrees with the findings. See corrective action plan beginning on page 106.

**Lyford Consolidated Independent School District
Schedule of Findings and Questioned Costs**

SECTION III – Findings Relating to the Internal Control Over Major Programs

None noted that were required to be reported.

Schedule of Findings and Questioned Costs Corrective Action Plan

Reference Number: 2022-001

Corrective Action Plan:

Bank Reconciliations

The District will review the current procedures for completing bank reconciliations and incorporate processes and internal controls to ensure that bank reconciliations are performed on a timely manner.

Contact Person:
Implementation Time Frame:

Reynaldo Robles, CFO
August 31, 2023

Schedule of Findings and Questioned Costs Summary Schedule of Prior Audit Findings

SECTION IV– Prior Findings and Questioned Costs for Federal Awards

Financial Statement Findings:

Reference Number: 2021-001

Corrective Action Plan:

Bank Reconciliations

The District continues to perform bank reconciliations in order to be up to date.

Conclusion: Repeated in current year as finding (2022-001)

Reference Number: 2021-002

Status:

Budgetary process and expenditures in excess of appropriations

Finding has been resolved. No further corrective action deemed necessary.

Reference Number: 2021-003

Status:

TEA approval of capital outlay expenditures

Finding has been resolved. No further corrective action deemed necessary.

LYFORD CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2022

(1)	(2)	(3)	(4)	(5)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal ALN Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<u>Passed Through the State Department of Agriculture</u>				
*School Breakfast Program	10.553	71402101	\$ -	54,581
*School Breakfast Program	10.553	71402201	-	315,030
Total School Breakfast Program				369,611
*National School Lunch Program- Cash Assistance	10.555	71302101		141,316
* National School Lunch Program- Cash Assistance	10.555	71302201	-	767,306
* National School Lunch Program- Non Cash Assistance	10.555	01144	-	92,374
Total National School Lunch Program				1,000,996
Total Child Nutrition Cluster				1,370,607
Child & Adult Food Care Program	10.558	01144	-	196,486
Total Passed Through State Department of Agriculture				1,567,093
TOTAL U.S. DEPARTMENT OF AGRICULTURE				1,567,093
FEDERAL COMMUNICATIONS COMMISSION				
COVID-19 Emergency Connectivity Fund Program	32.009	ECF2190012020	-	299,850
TOTAL FEDERAL COMMUNICATIONS COMMISSION				299,850
U.S. DEPARTMENT OF EDUCATION				
<u>Passed Through State Department of Education</u>				
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	22610101245902	-	770,754
Migrant Education State Grant Program	84.011	20615001245902	-	78,578
Special Education Cluster (IDEA)				
*Special Education - Grants to States (IDEA, Part B)	84.027	226600012459026600	-	304,506
*Special Education - Grants to States (IDEA, Part B)	84.027	225350012459025350	-	27,625
*Special Education - Preschool Grants (IDEA Preschool)	84.173	226610012459026610	-	2,612
Total Special Education Cluster (IDEA)				334,743
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	22420006245902	-	26,642
<u>Passed Through Region One Service Center</u>				
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	224200287110002	-	38,445
Total Region One Service Center				38,445
Education for Homeless Children and Youth	84.196	224600057110092	-	11,660
Rural Education	84.358	22696001245902	-	19,800
English Language Acquisition State Grants	84.365	22671001245902	-	6,032
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	22694501245902	-	39,118
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	84.411	203929017110006	-	2,765
Student Support and Academic Enrichment Program	84.424	22680101245902	-	24,278
COVID-19 Education Stabilization Fund	84.425D	21528001245902	-	1,692,526
COVID-19 Education Stabilization Fund	84.425U	21528001245902	-	2,653,304
Total COVID-19 Education Stabilization Fund				4,345,830
Total Passed Through State Department of Education				5,660,200
<u>Passed Through Region One Service Center</u>				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334A210014	-	54,669
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response:Public Health Crisis Response	93.354	Unknown	-	19,741
Total passed through Region One Service Center				74,410
TOTAL U.S. DEPARTMENT OF EDUCATION				5,773,055
U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)				
<u>Passed Through Texas Division of Emergency Management (TDEM)</u>				
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	489-042A0-00	-	7,390
Total Passed Through Texas Division of Emergency Management (TDEM)				7,390
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)				7,390
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 7,647,388

*Clustered Programs

The accompanying notes are an integral part of this schedule

Lyford Consolidated Independent School District Notes on Accounting Policies for Federal Awards

EXHIBIT K-2

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lyford Consolidated Independent School District. The information in this 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

Lyford Consolidated Independent School District has elected not to use the 10% of the minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – SUB-RECIPIENTS

During the fiscal year ended August 31, 2022, the District had no sub-recipients.

NOTE 5 – FEDERAL LOANS AND LOAN GUARANTEES

During the year ended August 31, 2022, the District had no outstanding federal loans payable or loan guarantees.

NOTE 6 – FEDERALLY FUNDED INSURANCE

During the year ended August 31, 2022, the District had no federally funded insurance.

NOTE 7 – NONCASH AWARDS

During the year ended August 31, 2022, the District received \$92,374 as noncash-assistance under the National School Lunch Program.

**Lyford Consolidated Independent School District
Notes on Accounting Policies for Federal Awards**

Exhibit K-2

NOTE 8 – PROGRAM REPORTING

SHARS and E-rate are accounted for in the general fund. The National School Lunch Program- cash and non-cash assistance and the School Breakfast Program are accounted for in the Child Nutrition Program. Expenditures are not specifically attributable to these revenues and are shown on this schedule in an amount equal to revenue for balancing purposes only.

Reconciliation

Total expenditures of federal awards, per Exhibit K-1	\$7,647,388
General fund – Federal Revenue	
School Health and Related Services (SHARS) revenue	<u>169,833</u>
Total Federal Revenues, per Exhibit C-3	<u>\$7,817,221</u>



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

Internal Control Findings



Carr, Riggs & Ingram, LLC
402 East Tyler Avenue
Harlingen, TX 78550-9122

(956) 423-3765
(956) 428-7520 (fax)
CRLcpa.com

January 19, 2023

The Board of Trustees and Management of
Lyford Consolidated Independent School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lyford Consolidated Independent School District (the "District") as of and for the year ended August 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 may exist that have not been identified.

During our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. We included the accompanying chart of internal control recommendations for management's consideration. This letter does not affect our report, dated, January 19, 2023, on the financial statements of Lyford Consolidated Independent School District.

This communication is intended solely for the information and use of the Board of Trustees and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Harlingen, Texas



The following legend should be used in conjunction with reviewing the “Rating” of each of the identified internal control items:

IP = Improvement Point	D = Control Deficiency	SD = Significant Deficiency	MW = Material Weakness
----------------------------------	----------------------------------	---------------------------------------	----------------------------------

CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT RESPONSE
001	CD	Cash	The District bank deposits were not properly collateralized during the months of October, November, December 2021, and January and March 2022	We recommend the District to monitor bank cash deposits and daily balance information to ensure adequate collateral is pledged in accordance with District policy.	The District will review current procedures and work to implement monitoring of daily cash balances.
002	CD	Federal grants-Procurement and Suspension & Debarment	During our review of the procurement process, we identified two vendors in which no documentation was maintained to support that the vendor was verified by the District as not suspended or debarred.	We recommend that the District improve its process for checking suspension and debarment for vendors paid with federal funds and document the search of sam.gov within the procurement records.	The District will review current procedures and work to implement a process that includes maintaining documentation related to suspension and debarment searches through sam.gov.
003	CD	Federal grants-Financial reporting – meal claim reimbursements	During our review of the reimbursement for meal claims, we noted that the entire reimbursement request process is performed by one individual and there is no second review or approval of the report to ensure it’s accuracy and completeness.	The meal claim reimbursement process should include a second review by an individual within the District that is knowledgeable of the program and not involved in preparing the report.	The District will review current procedures and work to implement a process that includes a second review of meal claim reimbursement reports.



CONTROL NUMBER	RATING	AREA	ITEM NOTED	SUGGESTION	MANAGEMENT RESPONSE
004	CD	Prepaid Expenditures	The district did not make adjustments to their prepaid insurance as it was used during the school year. Adjustment was necessary to properly state the balance at year end.	Insurance invoices should be reviewed for any applicable prepaid amounts. Adjustments to record prepaid insurance should be posted timely to the District's accounts.	The District will review current procedures and work to implement a process involves review of insurance invoices to ensure prepaid amounts are accurately reflected in the District's accounts.
005	CD	Campus and student activity funds	The District did not adjust for revenues and expense amounts related to campus and student activity funds during the year. An adjustment was required to correctly state the balances.	We recommend that the District improve its process for reconciling receivables, revenues and expenditures in their campus and student activity funds, to ensure amounts are properly stated	The District will review current procedures and work to implement a process involves review of campus and student activity revenues and expenditures and post related activity to the District's accounts.
006	CD	Accounts payable and Retainage payable	The District did not timely accrue for invoices related to construction in progress or related retainage payable amounts for construction projects at end of year.	We recommend that the District review construction pay applications submitted after year end to ensure amounts due for construction cost incurred and retainage are appropriately reflected in accounts payable.	The District will review current procedures and work to implement a process involves review of construction pay applications received after year end to ensure related liabilities are recorded.

SCHOOLS FIRST QUESTIONNAIRE

Lyford Consolidated Independent School District

Fiscal Year 2022

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	0