

LIPAN INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2023

Lipan Independent School District
Annual Financial Report
For The Year Ended August 31, 2023

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Introductory Section

CERTIFICATE OF BOARD

Lipan Independent School District
Name of School District

Hood
County

111-902
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2023, at a meeting of the board of trustees of such school district on the 16 day of November, 2023



Signature of Board Secretary



Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
Lipan Independent School District
211 Kickapoo Street
Lipan, Texas 76462

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 Lipan Independent School District ("the District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Lipan Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lipan Independent School District as of August 31, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions 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 Lipan Independent School District's basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents, except Exhibit J-5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and Exhibit J-5 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, on our consideration of Lipan 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 Lipan 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 Lipan Independent School District's internal control over financial reporting and compliance.



Snow Garrett Williams

November 13, 2023

Management's Discussion and Analysis (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$5,267,263 (*net position*). The District has unrestricted net position in the amount of (\$649,727).
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,446,997. The District has an unassigned fund balance in the general fund of \$3,333,444.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,333,444, or 55% of the total general fund expenditures.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

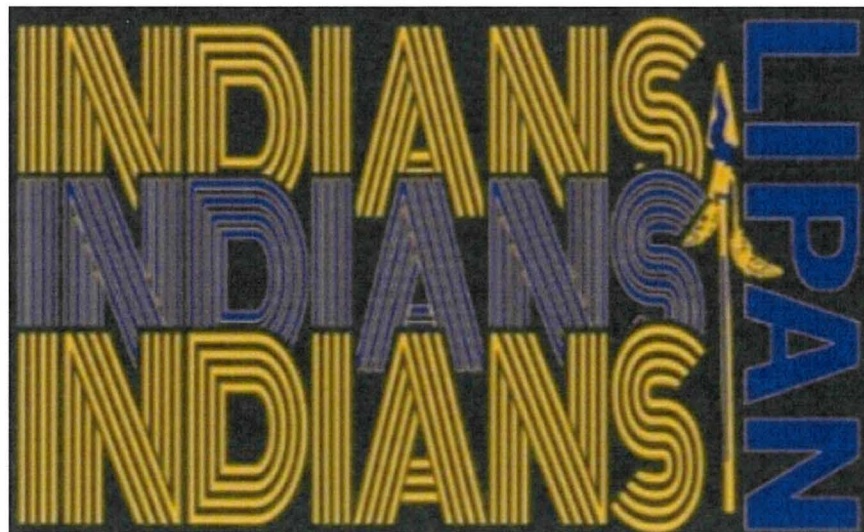
Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 12-13 of this report.

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

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

- All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.
- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, which are major funds. Data from the other governmental funds are combined into a single aggregated presentation. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 14-19 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position that can be found on pages 20-21.
- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-45 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 46-52 of this report.



Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$5,267,263 as of August 31, 2023.

The District's Net Position

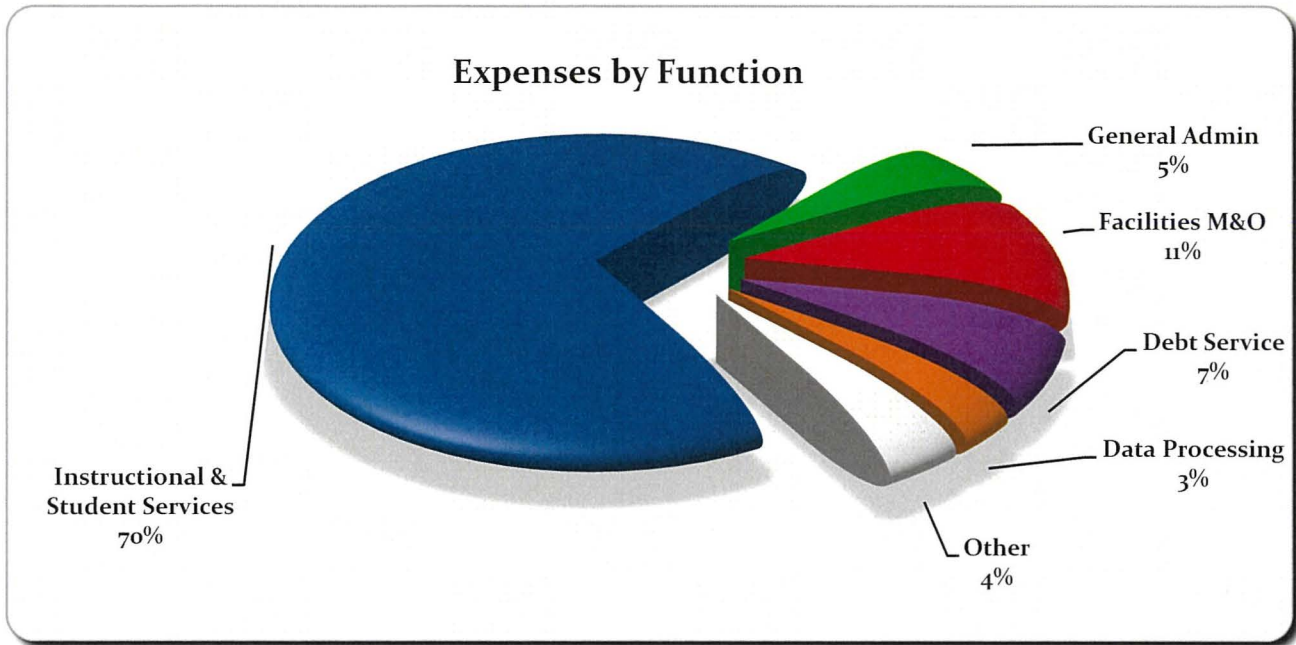
	<u>August 31, 2023</u>	<u>August 31, 2022</u>
Current and other assets	\$ 4,463,735	\$ 6,284,190
Capital assets	20,252,183	18,806,448
Long-term Investments	1,375,000	1,200,000
Total assets	<u>26,090,918</u>	<u>26,290,638</u>
Deferred outflows related to pensions	848,202	515,902
Deferred outflows related to OPEB	910,601	1,083,805
Total deferred outflows of resources	<u>1,758,803</u>	<u>1,599,707</u>
Other liabilities	278,419	596,585
Long-term liabilities outstanding	20,126,694	20,070,613
Total liabilities	<u>20,405,113</u>	<u>20,667,198</u>
Deferred gain on refunding	41,316	43,746
Deferred inflows related to pensions	139,884	706,269
Deferred inflows related to OPEB	1,996,145	1,596,745
Total deferred inflows of resources	<u>2,177,345</u>	<u>2,346,760</u>
Net position:		
Net investment in capital assets	3,865,385	4,510,399
Restricted	2,051,605	1,640,958
Unrestricted	(649,727)	(1,274,970)
Total net position	<u>\$ 5,267,263</u>	<u>\$ 4,876,387</u>

Investment in capital assets (e.g., land, buildings, furniture and equipment, and right-to-use assets) is \$3,865,385. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$2,051,605, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, (\$649,727), may be used to meet the District's ongoing obligations. This deficit is not an indication that the District does not have resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are more than currently available resources.

Governmental activities. The District's total net position increased \$390,876. The total cost of all *governmental activities* this year was \$7,972,323. The amount that our taxpayers paid for these activities through property taxes was \$3,738,792 or 47%.

Changes in the District's Net Position

	<u>August 31, 2023</u>	<u>August 31, 2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 30,358	\$ 20,462
Operating grants & contributions	1,155,663	1,000,103
General revenues:		
Property taxes	3,738,792	3,164,068
State grants	3,135,543	3,171,439
Other	277,984	79,738
Special Item Inflow	24,859	
Total revenues	<u>8,363,199</u>	<u>7,435,810</u>
Expenses:		
Instruction	3,918,908	3,307,428
Instructional resources & media services	42,647	45,234
Curriculum & staff development	3,795	708
Instructional leadership	127,997	18,830
School leadership	432,990	360,150
Guidance, counseling & evaluation services	126,365	127,435
Health services	78,435	65,945
Student transportation	193,608	162,374
Food services	259,646	159,771
Cocurricular/extracurricular activities	383,574	210,785
General administration	421,153	387,004
Facilities maintenance & operations	881,887	684,727
Security and monitoring services	153,665	107,776
Data processing services	245,070	326,021
Debt service-interest on long-term debt	544,046	560,229
Bond Issurance Costs and Fees	(2,430)	(2,430)
Payments related to shared service arrangements	78,984	76,455
Other intergovernmental charges	81,983	72,433
Total expenses	<u>7,972,323</u>	<u>6,670,875</u>
Increase in net position	390,876	764,935
Beginning net position	4,876,387	4,111,452
Ending net position	<u>\$ 5,267,263</u>	<u>\$ 4,876,387</u>



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,446,997, a decrease of \$1,346,627. *Unassigned fund balance* is \$3,333,444. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been restricted to pay (1) debt service (\$617,441), (2) for capital acquisitions (\$87,605), (3) for federal and state grants (\$23,756), and (4) for the bond sinking fund (\$1,375,000), and nonspendable for prepaids (\$9,751).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,333,444. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 55% of the total general fund expenditures. The fund balance of the District's general fund increased \$478,503 during the current fiscal year. Key factors in the increase are:

- Increase in enrollment
- Increase in certified property values

The fund balance of the District's debt service fund increased \$418,308 during the current fiscal year, due to an increase in property tax revenues, resulting in an ending fund balance of \$1,992,441. The fund balance of the District's capital projects fund decreased \$2,230,006 during the current fiscal year, due to the District spending proceeds of the 2021 Building Bond, resulting in an ending fund balance of \$87,605.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenue and appropriations. These amendments were due to allow for unexpected occurrences and to better reflect the activities of the District. The revised budgeted revenue was primarily due to:

- Increase in enrollment
- Increase in certified property values

The following are significant variations between the final budget and actual amounts:

- Actual revenues were higher than budgeted by \$343,348, primarily related to an increase in state program revenues; and,
- Actual expenditures were lower than final amounts budgeted by \$404,903, primarily from expense areas for instruction, plant maintenance and operations, data processing services, and capital outlay.

Capital Asset and Debt Administration

Capital assets. The District’s investment in capital assets for its governmental activities as of August 31, 2023, amounts to \$20,252,183 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and improvements, furniture and equipment, right-to-use lease equipment and construction in progress.

Major capital asset events during the year included large campus improvement projects including renovations on the High School and Elementary School campuses. Equipment purchases included a Freightliner Coach Bus and a Kubota tractor.

Capital Assets (net of depreciation/amortization)

	<u>August 31, 2023</u>	<u>August 31, 2022</u>
Land	\$ 347,437	\$ 347,437
Buildings and improvements	18,940,633	10,300,839
Furniture and equipment	932,317	679,143
Right-to-use lease equipment	31,796	-
Construction in progress	-	7,479,029
Total at historical cost	<u>\$ 20,252,183</u>	<u>\$ 18,806,448</u>

Additional information on the District’s capital assets can be found in Note C on page 30 of this report.

Long-term liabilities. As of August 31, 2023, the District had total general obligation bonded debt outstanding of \$15,493,075, a decrease of \$107,143 from the prior year. The District had accumulated accretion on CAB's outstanding of \$1,092,554, a decrease of \$99,033 from the previous year. Premium on bonds decreased \$40,822 from the prior year resulting in an ending balance of \$949,401. The District entering into lease agreements meeting the criteria under GASB 87 to be considered right-to-use assets/liabilities resulting in an ending balance of \$31,927. The net pension liability for fiscal year 2023 had an ending balance of \$1,579,927, which is a increase of \$980,732 from the prior year. And finally, the net OPEB liability for fiscal year 2023 had an ending balance of \$979,810, which is a decrease of \$686,360 over the prior year.

The District's bonds are rated "A1" by virtue of the guarantee of the Permanent School Fund of the State of Texas. The uninsured tax supported debt of the District is rated "A1" by Moody's. The district also has one other issue outstanding which is rated "A1" by Moody's by virtue of the guarantee of the Permanent School Fund of the State of Texas.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$28,957,418.

Additional information on the District's long-term debt can be found in Note E on pages 31-32 of this report.

Economic Factors and Next Year's Budgets and Rates

- The District's student attendance rate has remained stable at 97%; enrollment has increased from around 469 to near 489.
- The District's tax rate is currently at \$0.7514 per \$100 in assessed property value, the maximum tax rate allowable by state law for maintenance and operations. The District has appropriated revenues and expenditures of \$6,168,652.73 in the 2023-2024 general fund budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Lipan ISD Business Office, 211 N. Kickapoo St., Lipan, TX 76462.

Basic Financial Statements

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

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 921,678
1120	Current Investments	2,989,334
1225	Property Taxes Receivable (Net)	141,557
1240	Due from Other Governments	388,699
1290	Other Receivables (Net)	12,716
1410	Unrealized Expenses	9,751
	Capital Assets:	
1510	Land	347,437
1520	Buildings and Improvements (Net)	18,940,633
1530	Furniture and Equipment (Net)	932,317
1550	Right to Use Assets (Net)	31,796
1910	Long-Term Investments	<u>1,375,000</u>
1000	Total Assets	<u>26,090,918</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflow Related to Pensions	848,202
	Deferred Outflow Related to OPEB	<u>910,601</u>
1700	Total Deferred Outflows of Resources	<u>1,758,803</u>
LIABILITIES:		
2110	Accounts Payable	5,628
2140	Interest Payable	28,238
2165	Accrued Liabilities	219,200
2300	Unearned Revenue	25,353
	Noncurrent Liabilities:	
2501	Due Within One Year	108,410
2502	Due in More Than One Year	17,458,547
2540	Net Pension Liability	1,579,927
2545	Net OPEB Liability	<u>979,810</u>
2000	Total Liabilities	<u>20,405,113</u>
DEFERRED INFLOWS OF RESOURCES:		
	Deferred Gain on Refunding	41,316
	Deferred Inflow Related to Pensions	139,884
	Deferred Inflow Related to OPEB	<u>1,996,145</u>
2600	Total Deferred Inflows of Resources	<u>2,177,345</u>
NET POSITION:		
3200	Net Investment in Capital Assets	3,865,385
	Restricted For:	
3820	Federal and State Programs	23,756
3850	Debt Service	652,849
3890	Sinking Fund	1,375,000
3900	Unrestricted	<u>(649,727)</u>
3000	Total Net Position	<u>\$ 5,267,263</u>

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 3,918,908	\$ 11,653	\$ 479,133	\$ (3,428,122)	
12	Instructional Resources and Media Services	42,647	166	(74)	(42,555)	
13	Curriculum and Staff Development	3,795	13	210	(3,572)	
21	Instructional Leadership	127,997	388	5,102	(122,507)	
23	School Leadership	432,990	1,528	2,408	(429,054)	
31	Guidance, Counseling, and Evaluation Services	126,365	310	42,402	(83,653)	
33	Health Services	78,435	283	369	(77,783)	
34	Student Transportation	193,608	642	7,859	(185,107)	
35	Food Service	259,646	7,917	201,965	(49,764)	
36	Cocurricular/Extracurricular Activities	383,574	1,364	17,823	(364,387)	
41	General Administration	421,153	1,405	4,503	(415,245)	
51	Facilities Maintenance and Operations	881,887	3,247	40,623	(838,017)	
52	Security and Monitoring Services	153,665	29	143,626	(10,010)	
53	Data Processing Services	245,070	875	9,035	(235,160)	
72	Interest on Long-term Debt	544,046	--	192,276	(351,770)	
73	Bond Issuance Costs and Fees	(2,430)	--	--	2,430	
81	Capital Outlay	--	240	3,746	3,986	
93	Payments Related to Shared Services Arrangements	78,984	298	4,657	(74,029)	
99	Other Intergovernmental Charges	81,983	--	--	(81,983)	
TG	Total Governmental Activities	<u>7,972,323</u>	<u>30,358</u>	<u>1,155,663</u>	<u>(6,786,302)</u>	
TP	Total Primary Government	<u>\$ 7,972,323</u>	<u>\$ 30,358</u>	<u>\$ 1,155,663</u>	<u>(6,786,302)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				2,758,575	
DT	Property Taxes, Levied for Debt Service				980,217	
IE	Investment Earnings				205,204	
GC	Grants and Contributions Not Restricted to Specific Programs				3,135,543	
MI	Miscellaneous				72,780	
	Special and Extraordinary Items:					
S1	Special Item Inflow				<u>24,859</u>	
TR	Total General Revenues				<u>7,177,178</u>	
CN	Change in Net Position				390,876	
NB	Net Position - Beginning				4,876,387	
NE	Net Position - Ending				<u>\$ 5,267,263</u>	

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS:		
1110 Cash and Cash Equivalents	\$ 848,287	\$ 1
1120 Current Investments	2,306,740	629,423
1225 Taxes Receivable	186,650	59,557
1230 Allowance for Uncollectible Taxes (Credit)	(80,501)	(24,149)
1240 Due from Other Governments	351,354	2,162
1260 Due from Other Funds	23,968	--
1290 Other Receivables	12,716	--
1410 Unrealized Expenditures	9,751	--
1910 Long-Term Investments - Sinking Fund	--	1,375,000
1000 Total Assets	<u>\$ 3,658,965</u>	<u>\$ 2,041,994</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 4,724	\$ --
2150 Payroll Deductions and Withholdings	1,694	--
2160 Accrued Wages Payable	198,996	--
2170 Due to Other Funds	--	--
2200 Accrued Expenditures	4,207	--
2300 Unearned Revenue	--	14,145
2000 Total Liabilities	<u>209,621</u>	<u>14,145</u>
DEFERRED INFLOWS OF RESOURCES:		
Property Taxes	106,149	35,408
2600 Total Deferred Inflows of Resources	<u>106,149</u>	<u>35,408</u>
FUND BALANCES:		
Nonspendable Fund Balances:		
3430 Prepaid Items	9,751	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3470 Capital Acquisitions and Contractual Obligations	--	--
3480 Retirement of Long-Term Debt	--	617,441
3490 Other Restrictions of Fund Balance - Sinking Fund	--	1,375,000
3600 Unassigned	3,333,444	--
3000 Total Fund Balances	<u>3,343,195</u>	<u>1,992,441</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 3,658,965</u>	<u>\$ 2,041,994</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 73,390	\$ --	\$ 921,678
14,215	38,956	2,989,334
--	--	246,207
--	--	(104,650)
--	35,183	388,699
--	--	23,968
--	--	12,716
--	--	9,751
--	--	1,375,000
<u>\$ 87,605</u>	<u>\$ 74,139</u>	<u>\$ 5,862,703</u>
\$ --	\$ 904	\$ 5,628
--	--	1,694
--	13,353	212,349
--	23,968	23,968
--	950	5,157
--	11,208	25,353
<u>--</u>	<u>50,383</u>	<u>274,149</u>
<u>--</u>	<u>--</u>	<u>141,557</u>
<u>--</u>	<u>--</u>	<u>141,557</u>
--	--	9,751
--	23,756	23,756
87,605	--	87,605
--	--	617,441
--	--	1,375,000
--	--	3,333,444
<u>87,605</u>	<u>23,756</u>	<u>5,446,997</u>
<u>\$ 87,605</u>	<u>\$ 74,139</u>	<u>\$ 5,862,703</u>

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

Total fund balances - governmental funds balance sheet	\$ 5,446,997
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	141,557
Capital assets used in governmental activities are not reported in the funds.	20,252,183
Deferred Resource Outflows related to the pension plan are not reported in the funds.	848,202
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	910,601
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1,579,927)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(979,810)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(139,884)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(1,996,145)
Payables for bond principal which are not due in the current period are not reported in the funds.	(15,493,075)
Payables for right-to-use lease which are not due in the current period are not reported in the funds.	(31,927)
Payables for bond interest which are not due in the current period are not reported in the funds.	(28,238)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(1,092,554)
Premiums on bonds which are not due and payable in the current period are not reported in the funds.	(949,401)
Deferred gain on refunding bonds is not reported in the funds.	<u>(41,316)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 5,267,263</u>

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 Local and Intermediate Sources	\$ 2,958,985	\$ 1,016,085
5800 State Program Revenues	3,423,767	18,915
5900 Federal Program Revenues	61,900	173,361
5020 Total Revenues	<u>6,444,652</u>	<u>1,208,361</u>
EXPENDITURES:		
Current:		
0011 Instruction	3,071,292	--
0012 Instructional Resources and Media Services	43,825	--
0013 Curriculum and Staff Development	3,389	--
0021 Instructional Leadership	102,142	--
0023 School Leadership	403,089	--
0031 Guidance, Counseling, and Evaluation Services	81,455	--
0033 Health Services	74,717	--
0034 Student Transportation	169,486	--
0035 Food Service	--	--
0036 Cocurricular/Extracurricular Activities	360,032	--
0041 General Administration	370,177	--
0051 Facilities Maintenance and Operations	856,230	--
0052 Security and Monitoring Services	7,877	--
0053 Data Processing Services	230,879	--
0071 Principal on Long-term Debt	26,785	107,143
0072 Interest on Long-term Debt	965	682,910
0081 Capital Outlay	63,194	--
0093 Payments to Shared Service Arrangements	78,984	--
0099 Other Intergovernmental Charges	81,983	--
6030 Total Expenditures	<u>6,026,501</u>	<u>790,053</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>418,151</u>	<u>418,308</u>
Other Financing Sources and (Uses):		
7913 Issuance of Right to Use Leased Assets	<u>35,493</u>	--
7080 Total Other Financing Sources and (Uses)	<u>35,493</u>	--
SPECIAL ITEM:		
7918 Special Item (Resource)	<u>24,859</u>	--
1200 Net Change in Fund Balances	<u>478,503</u>	<u>418,308</u>
0100 Fund Balances - Beginning	2,864,692	1,574,133
3000 Fund Balances - Ending	<u>\$ 3,343,195</u>	<u>\$ 1,992,441</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 44,782	\$ 7,917	\$ 4,027,769
--	145,666	3,588,348
--	689,721	924,982
<u>44,782</u>	<u>843,304</u>	<u>8,541,099</u>
36,372	442,617	3,550,281
--	--	43,825
--	--	3,389
--	--	102,142
--	--	403,089
--	43,189	124,644
--	--	74,717
267,282	--	436,768
--	227,759	227,759
--	--	360,032
--	--	370,177
--	--	856,230
--	143,171	151,048
--	--	230,879
--	--	133,928
--	--	683,875
1,971,134	--	2,034,328
--	--	78,984
--	--	81,983
<u>2,274,788</u>	<u>856,736</u>	<u>9,948,078</u>
<u>(2,230,006)</u>	<u>(13,432)</u>	<u>(1,406,979)</u>
--	--	35,493
--	--	35,493
--	--	24,859
<u>(2,230,006)</u>	<u>(13,432)</u>	<u>(1,346,627)</u>
2,317,611	37,188	6,793,624
<u>\$ 87,605</u>	<u>\$ 23,756</u>	<u>\$ 5,446,997</u>

LIPAN INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ (1,346,627)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	19,365
Capital outlays are not reported as expenses in the SOA.	2,446,162
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,000,427)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These pension contributions made after the measurement date of the plan increased ending net position.	133,568
Pension contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction to NPL.	(121,403)
Changes in the net pension liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is a decrease in net position.	(94,213)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These OPEB contributions made after the measurement date of the plan increased net position.	32,172
OPEB contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in the net OPEB liability.	(33,175)
Changes in the net OPEB liability and related deferred inflows and outflows are recognized in the government wide financials but are not reported in the fund financial statements. The net effect of the change is an increase in net position.	114,758
Proceeds of right-to-use lease assets do not provide revenue in the SOA, but are reported as other financing sources in the funds.	(35,493)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	107,143
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	3,566
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	23,219
(Increase) decrease in accrued interest on bonds from beginning of period to end of period.	(26)
The accretion of interest on capital appreciation bonds is not reported in the funds.	99,033
Deferred loss on refunding bonds is amortized in the SOA but not in the funds.	2,430
Premiums on bonds are amortized in the SOA but not in the funds.	40,822
Change in net position of governmental activities - Statement of Activities	<u>\$ 390,876</u>

The accompanying notes are an integral part of this statement.

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

<u>Data Control Codes</u>	<u>Custodial Fund</u>
	<u>Student Activity</u>
ASSETS:	
1110 Cash and Cash Equivalents	\$ 130,011
1000 Total Assets	<u>130,011</u>
LIABILITIES:	
Current Liabilities:	
2110 Accounts Payable	<u>12,716</u>
2000 Total Liabilities	<u>12,716</u>
NET POSITION:	
3800 Restricted for Other Purposes	<u>117,295</u>
3000 Total Net Position	<u>\$ 117,295</u>

The accompanying notes are an integral part of this statement.

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

	<u>Custodial Fund</u>
ADDITIONS:	
Revenue from Student Activities	\$ 330,143
Total Additions	<u>330,143</u>
DEDUCTIONS:	
Payments for Student Activities	<u>319,044</u>
Total Deductions	<u>319,044</u>
Change in Fiduciary Net Position	11,099
Net Position-Beginning of the Year	<u>106,196</u>
Net Position-End of the Year	<u>\$ 117,295</u>

The accompanying notes are an integral part of this statement.

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and 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 the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This 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.

Debt Service Fund: This fund is used to account for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Fund: This fund is used to account for all financial resources restricted, committed, or assigned to expenditures for the acquisition or construction of capital assets.

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

In addition, the District reports the following fund types:

Custodial Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of the fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. Right to use lease assets are reported at present value of the future lease payments (lease liability), plus any ancillary cost to place the asset in service, plus any additional payments made at the beginning of the lease term, less any lease incentives received from the lessor prior to the commencement of the lease term. 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.

Capital assets are being depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	5-30 Years
Equipment	3-15 Years
Right-to-use lease equipment	4 Years

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. 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 ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action, which is a resolution, by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. The Board shall delegate to the Superintendent the authority to assign amounts to be expended for specific purposes.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide 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.

k. 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.

4. Pensions

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

5. Other Post-Employment Benefits

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

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standard. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

This Statement 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.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District implemented this Statement during the current year.

The District did not have any subscription agreements that met the criteria of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* for Fiscal Year 2023.

B. Deposits and Investments

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.

1. Cash Deposits:

At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,051,689 and the bank balance was \$1,223,365. The District's cash deposits at August 31, 2023 were not entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. Of the bank balance, \$429,530 was uninsured and uncollateralized.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment 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 Public Funds Investment Act ("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

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policies. 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, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

The District's investments at August 31, 2023 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
LOGIC - LGIP	Wtd Avg Maturity = 32 days	\$ 629,423
LONE STAR LGIP - Govt Overnight Fund	Wtd Avg Maturity = 89 days	<u>2,359,911</u>
Total Investments		<u>\$ 2,989,334</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2023, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

LOGIC - LGIP	AAAm
LONE STAR LGIP - Govt Overnight Fund	AAAm

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was exposed to custodial credit risk as stated in Note B-1.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

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Investment Accounting Policy

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 that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*. In addition, none of the District's Investment Pools have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The Pools do not impose any liquidity fees or redemption gates.

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

LOGIC

Local Government Investment Cooperative (LOGIC) (the "Pool") was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code, and operates as a public funds investment pool under the Public Funds Investment Act. LOGIC is organized and existing as a business trust under the laws of the State of Texas with all Participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants.

The Board of Trustees is LOGIC's governing body and is comprised of employees, officers or elected officials of Participant Government Entities or individuals who do not have a business relationship with the Pool and are qualified to advise it. A maximum of two advisory board members represent the Co-Administrators of the Pool. The Portfolio assets are marked to market daily using the fair value method. Due to the fact that amortized cost, which generally approximates the market value of the assets, has been deemed to be a proxy for fair value, Portfolio assets are valued on the basis of the amortized cost valuation technique.

LONE STAR

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (T ASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAAM by Standard and Poor's and operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight and Corporate Overnight maintain a net asset value of \$1 and the Corporate Overnight Plus maintains a net asset value of \$0.50.

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C. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 347,437	\$ --	\$ --	\$ 347,437
Construction in progress	7,479,029	--	7,479,029	--
Total capital assets not being depreciated/amortized	<u>7,826,466</u>	<u>--</u>	<u>7,479,029</u>	<u>347,437</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	16,597,583	9,519,356	--	26,116,939
Equipment	1,581,814	370,342	--	1,952,156
Right-to-use lease equipment	--	35,493	--	35,493
Total capital assets being depreciated/amortized	<u>18,179,397</u>	<u>9,925,191</u>	<u>--</u>	<u>28,104,588</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(6,296,744)	(879,562)	--	(7,176,306)
Equipment	(902,671)	(117,168)	--	(1,019,839)
Right-to-use lease equipment	--	(3,697)	--	(3,697)
Total accumulated depreciation/amortization	<u>(7,199,415)</u>	<u>(1,000,427)</u>	<u>--</u>	<u>(8,199,842)</u>
Total capital assets being depreciated/amortize	<u>10,979,982</u>	<u>8,924,764</u>	<u>--</u>	<u>19,904,746</u>
Governmental activities capital assets, net	<u>\$ 18,806,448</u>	<u>\$ 8,924,764</u>	<u>\$ 7,479,029</u>	<u>\$ 20,252,183</u>

Depreciation/amortization was charged to functions as follows:

Instruction	\$ 602,542
Instructional Resources and Media Services	1,868
Curriculum and Staff Development	406
Instructional Leadership	26,957
School Leadership	54,401
Guidance, Counseling, & Evaluation Services	8,135
Health Services	8,330
Student Transportation	26,574
Food Services	36,728
Extracurricular Activities	27,499
General Administration	70,884
Plant Maintenance and Operations	114,017
Security and Monitoring Services	2,617
Data Processing Services	19,469
	<u>\$ 1,000,427</u>

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D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2023, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Non-Major Governmental Funds	\$ 23,968	Short-term loan until grant revenue is received for reimbursable expenditures
		<u>\$ 23,968</u>	

Amount due is scheduled to be repaid within one year.

E. Long-Term Obligations

1. Long-Term Obligation Activity

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
General Obligation Bonds	\$ 15,600,218	\$ --	\$ 107,143	\$ 15,493,075	\$ 99,729
Accumulated Accretion	1,191,587	--	99,033	1,092,554	--
Notes from Direct Borrowing	23,219	--	23,219	--	--
Lease Liability *	--	35,493	3,566	31,927	8,681
Premium on Bonds	990,223	--	40,822	949,401	--
Net Pension Liability *	599,195	1,104,915	124,183	1,579,927	--
Net OPEB Liability *	1,666,170	--	686,360	979,810	--
Total governmental activities	<u>\$ 20,070,612</u>	<u>\$ 1,140,408</u>	<u>\$ 1,084,326</u>	<u>\$ 20,126,694</u>	<u>\$ 108,410</u>

* Other long-term liabilities presented

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

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

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2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2023, are as follows:

Year Ending August 31,	Governmental Activities				
	Bonds		Notes from Direct Borrowings and Direct Placements		Total
	Principal	Interest	Principal	Interest	
2024	\$ 99,729	688,823	--	\$ --	\$ 788,552
2025	92,452	694,600	--	--	787,052
2026	95,151	690,401	--	--	785,552
2027	88,363	700,539	--	--	788,902
2028	82,380	704,321	--	--	786,701
2029-2033	980,000	2,960,810	--	--	3,940,810
2034-2038	5,580,000	2,354,661	--	--	7,934,661
2039-2043	2,825,000	1,120,815	--	--	3,945,815
2044-2048	3,390,000	557,902	--	--	3,947,902
2049-2053	2,260,000	102,490	--	--	2,362,490
Totals	<u>\$ 15,493,075</u>	<u>\$ 10,575,362</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,068,437</u>

The interest rate on the Unlimited Tax School Building Bonds Series 1999 ranges from 5.95% to 6.20% and matures on August 15, 2028.

The interest rate on the Unlimited Tax Qualified School Construction Bonds Series 2015 is 4.596% and matures on August 15, 2038.

The interest rate on the Unlimited Tax School Building Bonds Series 2021 ranges from 3% to 4% and matures on August 15, 2051.

The interest rate on the Unlimited Tax School Refunding Bond Series 2021 is 3% and matures on August 15, 2041.

The District has covenanted to make mandatory deposits into the Cumulative Sinking Fund Deposit Account held by the Paying Agent/Registrar for the Qualified School Construction Bonds, Series 2015. The Sinking Fund calls for annual payments of \$170,000 for 2016-2020 and \$175,000 for 2021-2038. The 2023 deposit was made by the District and is accounted for in Long-Term Investments and Other Restricted Fund Balance as required by the TEA Financial Accountability System of Resource Guide (FASRG).

The District did not have any unused lines of credit, assets pledged as collateral for debt, or terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, or subjective acceleration clauses as of August 31, 2023.

F. Leases

The District is a lessee for noncancelable leases of property and equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

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

The District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease.

Lease payments included in the measurement of the liability are composed of fixed payments and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

There were no variable payments or residual value guarantees or penalties not included in the measurement of the leases. The District did not have any commitments under leases not yet commenced at year-end, components of losses associated with asset impairments, or sublease transactions for Fiscal Year 2023.

The lease with Xerox matures on April 1, 2027 and is for copier equipment totaling \$35,493 payable in monthly installments of \$770 at an interest rate of 2.00%.

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 8,681	559	9,240
2025	8,856	384	9,240
2026	9,035	205	9,240
2027	5,355	36	5,391
	<u>\$ 31,927</u>	<u>\$ 1,184</u>	<u>\$ 33,111</u>

G. Risk Management

Property Casualty Program

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2023, the District participated in the Texas Association of School Boards Risk Management Fund (the Fund) with coverage in Auto Liability, Auto Physical Damage, Privacy & Information Security, Property, and School Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2023, the Fund anticipates Lipan ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

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Workers' Compensation

During the year ended August 31, 2023, Lipan ISD met its statutory worker's compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members' injured employees.

The fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2022, the Fund carries a discounted reserve of \$50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation

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

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

H. Pension Plan

1. Plan Description

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

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

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2. Pension Plan Fiduciary Net Position

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

3. 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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

4. Contributions

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

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

	<u>Contribution Rates</u>	
	2022	2023
Member	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.75%	8.0%
Employers	7.75%	8.0%
District's 2023 Employer Contributions		\$ 133,568
District's 2023 Member Contributions		\$ 295,103
2022 NECE On-Behalf Contributions (State)		\$ 178,851

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member's salary beginning in fiscal year 2021, 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.

5. Actuarial Assumptions

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% *
Last year ending August 31 in Projection Period	2121
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

* The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2021.

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6. Discount Rate

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

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

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

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	(6.0%)	3.6%	(0.05)%
Inflation Expectation			2.70%
Volatility Drag ****			(0.91)%
Expected Return	<u>100.0%</u>		<u>8.19%</u>
<p>* Absolute Return includes Credit Sensitive Investments. ** Target allocations are based on the FY2022 policy model. *** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022). **** The volatility drag results from the conversion between arithmetic and geometric mean returns.</p>			

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 2,457,767	\$ 1,579,927	\$ 868,396

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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

At August 31, 2023, the District reported a liability of \$1,579,927 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$	1,579,927
State's proportionate share that is associated with District		<u>2,275,456</u>
Total		<u>\$ 3,855,383</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.00266% which was an increase of 0.000308% from its proportion measured as of August 31, 2021.

9. Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2023, the District recognized pension expense of \$433,123 and revenue of \$217,508 representing pension expense incurred by the State on behalf of the District.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 22,909	\$ 34,445
Changes in Actuarial Assumptions	294,392	73,371
Difference Between Projected and Actual Investment Earnings	156,092	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	241,241	32,068
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability	133,568	--
Total	<u>\$ 848,202</u>	<u>\$ 139,884</u>

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

The deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2024. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31	Pension Expense Amount
2024	\$ 136,310
2025	\$ 114,725
2026	\$ 70,957
2027	\$ 211,971
2028	\$ 40,787
Thereafter	\$ --

I. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

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

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

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

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

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

4. Contributions

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

Section 1575.202 of the Texas Insurance Code 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 Salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	<u>2022</u>	<u>2023</u>
Active Employee	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%

District's 2023 Employer Contributions	\$	32,172
District's 2023 Member Contributions	\$	23,977
2022 NECE On-Behalf Contributions (state)	\$	40,999

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS.

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

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability	

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

6. Discount Rate

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

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2022 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% lower than and 1% higher than the discount rate that was used (1.95%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the Net OPEB Liability:	\$ 1,155,274	\$ 979,810	\$ 837,662

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

At August 31, 2023, the District reported a liability of \$979,810 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	\$ 979,810
State's proportionate share that is associated with the District	<u>1,195,214</u>
Total	<u>\$ 2,175,024</u>

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

At August 31, 2022 the District's proportion of the collective net OPEB liability was 0.004092%, which was a decrease of .000227% from its proportion measured as of August 31, 2021.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 807,368	\$ 979,810	\$ 1,203,359

9. 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 was changed from 1.95% as of August 31, 2021 to 3.9% percent as of August 31, 2022. This change decreased the Total OPEB Liability.

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

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 54,474	\$ 816,270
Changes in actuarial assumptions	149,244	680,714
Difference between projected and actual investment earnings	2,918	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	671,793	499,161
Contributions paid to TRS subsequent to the measurement date	32,172	
Total	<u>\$ 910,601</u>	<u>\$ 1,996,145</u>

The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2024. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31	OPEB Expense Amount
2024	\$ (192,769)
2025	\$ (192,760)
2026	\$ (151,209)
2027	\$ (94,956)
2028	\$ (98,601)
Thereafter	\$ (387,421)

For the year ended August 31, 2023, the District recognized OPEB expense of (\$251,195) and revenue of \$(169,611) representing OPEB expense incurred by the State on behalf of the District.

10. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2023, the subsidy payment received by TRS-Care on behalf of the District was \$18,890.

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2023

J. Employee Health Care Coverage

During the year ended August 31, 2023, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$250 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable annually, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Plan are available and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. 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 collectibility of any related receivable may be impaired. In the opinion of the District, 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.

2. Litigation

No reportable litigation was pending against the District at August 31, 2023.

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for special education with the following school districts:

Member Districts

Dublin ISD
Huckabay ISD
Lingleville ISD
Lipan ISD
Morgan Mill ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Dublin ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Subsequent Events

The District evaluated subsequent events through November 13, 2023, the date the financial statements were available to be issued and nothing significant requiring disclosure was noted.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

LIPAN INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT G-1
Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 2,718,866	\$ 3,002,351	\$ 2,958,985	\$ (43,366)
5800	State Program Revenues	2,913,010	3,037,053	3,423,767	386,714
5900	Federal Program Revenues	15,000	61,900	61,900	--
5020	Total Revenues	<u>5,646,876</u>	<u>6,101,304</u>	<u>6,444,652</u>	<u>343,348</u>
EXPENDITURES:					
Current:					
Instruction and Instructional Related Services:					
0011	Instruction	3,108,952	3,150,923	3,071,292	79,631
0012	Instructional Resources and Media Services	43,371	44,871	43,825	1,046
0013	Curriculum and Staff Development	3,900	3,900	3,389	511
	Total Instruction and Instr. Related Services	<u>3,156,223</u>	<u>3,199,693</u>	<u>3,118,506</u>	<u>81,187</u>
Instructional and School Leadership:					
0021	Instructional Leadership	100,750	102,250	102,142	108
0023	School Leadership	384,023	424,023	403,089	20,934
	Total Instructional and School Leadership	<u>484,774</u>	<u>526,274</u>	<u>505,231</u>	<u>21,043</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	80,818	83,818	81,455	2,363
0033	Health Services	66,275	79,275	74,717	4,558
0034	Student (Pupil) Transportation	111,107	189,107	169,486	19,621
0036	Cocurricular/Extracurricular Activities	280,832	395,932	360,032	35,900
	Total Support Services - Student (Pupil)	<u>539,033</u>	<u>748,133</u>	<u>685,690</u>	<u>62,443</u>
Administrative Support Services:					
0041	General Administration	359,256	374,256	370,177	4,079
	Total Administrative Support Services	<u>359,256</u>	<u>374,256</u>	<u>370,177</u>	<u>4,079</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	604,281	926,281	856,230	70,051
0052	Security and Monitoring Services	8,000	9,000	7,877	1,123
0053	Data Processing Services	275,154	269,654	230,879	38,775
	Total Support Services - Nonstudent Based	<u>887,435</u>	<u>1,204,935</u>	<u>1,094,986</u>	<u>109,949</u>
Debt Service:					
0071	Principal on Long-Term Debt	31,599	36,530	26,785	9,745
0072	Interest on Long-Term Debt	--	569	965	(396)
	Total Debt Service	<u>31,599</u>	<u>37,099</u>	<u>27,750</u>	<u>9,349</u>
Capital Outlay:					
0081	Capital Outlay	11,556	125,558	63,194	62,364
	Total Capital Outlay	<u>11,556</u>	<u>125,558</u>	<u>63,194</u>	<u>62,364</u>
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	115,000	111,500	78,984	32,516
0099	Other Intergovernmental Charges	62,000	103,956	81,983	21,973
	Total Intergovernmental Charges	<u>177,000</u>	<u>215,456</u>	<u>160,967</u>	<u>54,489</u>
6030	Total Expenditures	<u>5,646,876</u>	<u>6,431,404</u>	<u>6,026,501</u>	<u>404,903</u>

LIPAN INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures				
	--	(330,100)		418,151	748,251
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property				
7913	Issuance of Right to Use Leased Assets				
7080	Total Other Financing Sources and (Uses)				
	--	(3,200)	--	35,493	3,200
	--	(3,200)	--	35,493	35,493
	--	(3,200)	--	35,493	38,693
	SPECIAL ITEM:				
7918	Special Item (Resource)				
1200	Net Change in Fund Balance				
	--	--	--	24,859	24,859
	--	(333,300)	--	478,503	811,803
0100	Fund Balance - Beginning				
3000	Fund Balance - Ending				
	2,864,692	2,864,692		2,864,692	--
	<u>\$ 2,864,692</u>	<u>\$ 2,531,392</u>		<u>\$ 3,343,195</u>	<u>\$ 811,803</u>

LIPAN INDEPENDENT SCHOOL DISTRICTSCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN MEASUREMENT YEARS *

	Measurement Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.002661%	0.002353%	0.002345%	0.001945%	0.001684%	0.001770%	0.002400%	0.002311%	0.001503%	--
District's proportionate share of the net pension liability	\$ 1,579,927	\$ 599,195	\$ 1,256,189	\$ 1,011,245	\$ 927,148	\$ 566,104	\$ 906,959	\$ 816,943	\$ 401,552	--
State's proportionate share of the net pension liability associated with the District	2,275,456	1,094,644	2,341,871	2,077,775	2,091,382	1,251,696	1,454,082	1,311,219	1,064,338	--
Total	\$ 3,855,383	\$ 1,693,839	\$ 3,598,060	\$ 3,089,020	\$ 3,018,530	\$ 1,817,800	\$ 2,361,041	\$ 2,128,162	\$ 1,465,890	\$ --
District's covered payroll	\$ 3,172,301	\$ 3,008,022	\$ 2,855,497	\$ 2,415,495	\$ 2,219,024	\$ 2,195,331	\$ 2,329,359	\$ 2,179,052	\$ 2,027,633	--
District's proportionate share of the net pension liability as a percentage of its covered payroll	49.80%	19.92%	43.99%	41.86%	41.78%	25.79%	38.94%	37.49%	19.80%	--
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

LIPAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 133,568	\$ 121,402	\$ 100,329	\$ 93,883	\$ 67,369	\$ 56,627	\$ 58,025	\$ 76,282	\$ 68,433	\$ 38,113
Contributions in relation to the contractually required contribution	(133,568)	(121,402)	(100,329)	(93,883)	(67,369)	(56,627)	(58,025)	(76,282)	(68,433)	(38,113)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 3,688,787	\$ 3,172,301	\$ 3,008,022	\$ 2,855,497	\$ 2,415,495	\$ 2,219,024	\$ 2,195,331	\$ 2,329,359	\$ 2,179,052	\$ 2,027,633
Contributions as a percentage of covered payroll	3.29%	3.83%	3.34%	3.29%	2.79%	2.55%	2.64%	3.27%	3.14%	1.88%

LIPAN INDEPENDENT SCHOOL DISTRICTSCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN MEASUREMENT YEARS *

	Measurement Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective net OPEB liability	0.004092%	0.004319%	0.004986%	0.004122%	0.003234%	0.003445%	--	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 979,810	\$ 1,666,170	\$ 1,895,500	\$ 1,949,357	\$ 1,614,840	\$ 1,497,968	--	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	1,195,214	2,232,296	2,547,097	2,590,261	1,966,633	1,785,948	--	--	--	--
Total	<u>\$ 2,175,024</u>	<u>\$ 3,898,466</u>	<u>\$ 4,442,597</u>	<u>\$ 4,539,618</u>	<u>\$ 3,581,473</u>	<u>\$ 3,283,916</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 3,172,301	\$ 3,008,022	\$ 2,855,497	\$ 2,415,495	\$ 2,219,024	\$ 2,195,331	--	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	30.89%	55.39%	66.38%	80.70%	72.77%	68.23%	--	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

LIPAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily or contractually required District contribution	\$ 32,172	\$ 33,175	\$ 33,759	\$ 37,484	\$ 29,047	\$ 22,424	--	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	32,172	33,175	33,759	37,484	29,047	22,424	--	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 3,688,787	\$ 3,172,301	\$ 3,008,022	\$ 2,855,497	\$ 2,415,495	\$ 2,219,024	--	\$ --	\$ --	\$ --
Contributions as a percentage of covered payroll	0.87%	1.05%	1.12%	1.31%	1.20%	1.01%	--	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

LIPAN INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023

Budget

The official budget was prepared for adoption for all Governmental Fund Types legally required to adopt a budget (General Funds, Food Service Funds, and Debt Service Funds). The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan and Defined Benefit OPEB Plan

Changes of benefit terms

Any changes of benefit terms that affected the measurement of the net pension liability during the measurement period are described in the notes to the financial statements (Note H).

Any changes of benefit terms that affected the measurement of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note I).

Changes of assumptions

Changes of assumptions that affected the measurement year of the net pension liability during the measurement period are described in the notes to the financial statements (Note H).

Changes of assumptions that affected the measurement year of the net OPEB liability during the measurement period are described in the notes to the financial statements (Note I).

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

LIPAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023

Year Ended August 31	Tax Rates		Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2014 and Prior Years	\$ Various	\$ Various	\$ Various
2015	1.1700	.2265	173,570,354
2016	1.1700	.3180	176,722,849
2017	1.1700	.3350	170,452,425
2018	1.1700	.3200	171,423,221
2019	1.1700	.3100	173,894,797
2020	1.0684	.3000	187,358,344
2021	.9630	.3000	245,037,791
2022	.9603	.3350	240,612,170
2023 (School Year Under Audit)	.9402	.3350	289,574,184
1000 Totals			

8000 - Taxes Refunded under Section 26.1115, Tax Code for owners who received an exemption as provided by Section 11.42(f), Tax Code

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

Column 20, the current year's levy, is the ending levy provided by Hood Central Appraisal District.

Column 3, Assessed/Appraised Value for School Tax Purposes, is calculated based on the current year total levy divided by current total tax rate. The amount includes adjustments for frozen values.

EXHIBIT J-1

10 Beginning Balance 9/1/22	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/23
\$ 16,655	\$ --	\$ --	\$ --	\$ 3	\$ 16,658
1,845	--	--	--	1	1,846
2,822	--	236	64	(1)	2,521
2,992	--	--	--	--	2,992
7,264	--	18	5	(2)	7,239
19,678	--	360	95	(2)	19,221
28,161	--	7,416	2,082	--	18,663
29,753	--	5,863	1,827	894	22,957
102,357	--	37,301	13,012	110	52,154
--	3,692,650	2,647,404	943,290	--	101,956
<u>\$ 211,527</u>	<u>\$ 3,692,650</u>	<u>\$ 2,698,598</u>	<u>\$ 960,375</u>	<u>\$ 1,003</u>	<u>\$ 246,207</u>

LIPAN INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT J-2

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 8,610	\$ 7,917	\$ (693)
5800 State Program Revenues	8,442	8,441	(1)
5900 Federal Program Revenues	<u>185,428</u>	<u>197,767</u>	<u>12,339</u>
5020 Total Revenues	<u>202,480</u>	<u>214,125</u>	<u>11,645</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	<u>233,259</u>	<u>227,759</u>	<u>5,500</u>
Total Support Services - Student (Pupil)	<u>233,259</u>	<u>227,759</u>	<u>5,500</u>
6030 Total Expenditures	<u>233,259</u>	<u>227,759</u>	<u>5,500</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(30,779)</u>	<u>(13,634)</u>	<u>17,145</u>
Other Financing Sources (Uses):			
7915 Transfers In	<u>3,200</u>	<u>--</u>	<u>(3,200)</u>
7080 Total Other Financing Sources and (Uses)	<u>3,200</u>	<u>--</u>	<u>(3,200)</u>
1200 Net Change in Fund Balance	<u>(27,579)</u>	<u>(13,634)</u>	<u>13,945</u>
0100 Fund Balance - Beginning	<u>27,580</u>	<u>27,580</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ 1</u>	<u>\$ 13,946</u>	<u>\$ 13,945</u>

LIPAN INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2023

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 784,191	\$ 1,016,085	\$ 231,894
5800 State Program Revenues	7,500	18,915	11,415
5900 Federal Program Revenues	<u>173,361</u>	<u>173,361</u>	<u>--</u>
5020 Total Revenues	<u>965,052</u>	<u>1,208,361</u>	<u>243,308</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	282,143	107,143	175,000
0072 Interest on Long-Term Debt	<u>682,910</u>	<u>682,910</u>	<u>--</u>
Total Debt Service	<u>965,053</u>	<u>790,053</u>	<u>175,000</u>
6030 Total Expenditures	<u>965,053</u>	<u>790,053</u>	<u>175,000</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>--</u>	<u>418,308</u>	<u>418,308</u>
1200 Net Change in Fund Balance	(1)	418,308	418,308
0100 Fund Balance - Beginning	<u>1,574,133</u>	<u>1,574,133</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ 1,574,132</u>	<u>\$ 1,992,441</u>	<u>\$ 418,308</u>

LIPAN INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
 AS OF AUGUST 31, 2023

<u>Data Control Codes</u>		<u>Responses</u>
<u>Section A: Compensatory Education Programs</u>		
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.	\$ 370,370
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	\$ 265,132
<u>Section B: Bilingual Education Programs</u>		
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.	\$ 12,220
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 59,560

LIPAN INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)

GENERAL FUND

AS OF AUGUST 31, 2023

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2023 (Exhibit C-1 object 3000 for the General Fund only)	\$ <u>3,343,195</u>
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	<u>9,751</u>
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	<u>--</u>
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	<u>--</u>
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	<u>--</u>
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	<u>502,208</u>
7	Estimate of two months' average cash disbursements during the fiscal year	<u>1,004,416</u>
8	Estimate of delayed payments from state sources (58XX)	<u>345,200</u>
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	<u>--</u>
10	Estimate of delayed payments from federal sources (59XX)	<u>--</u>
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	<u>--</u>
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	<u>1,861,575</u>
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ <u><u>1,481,620</u></u>



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
Lipan Independent School District
211 Kickapoo Street
Lipan, Texas 76462

Members of the Board of Trustees:

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lipan Independent School District, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise Lipan Independent School District's basic financial statements, and have issued our report thereon dated November 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lipan Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Lipan Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lipan Independent School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lipan 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*.

We noted certain matters that we reported to management of Lipan Independent School District in a separate letter dated November 13, 2023.

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.



Snow Garrett Williams
November 13, 2023

LIPAN INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2023**

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 1,092,554

