

**HALLSVILLE INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED**  
**AUGUST 31, 2023**

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ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2023

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CERTIFICATE OF BOARD

HALLSVILLE Independent School District  
Name of School District

Harrison  
County

102-904  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)   X   approved        disapproved for the year ended August 31, 2023 at a meeting of the Board of Trustees of such school district on the 22<sup>th</sup> day of January, 2024.

(s) Troy Crafton  
Signature of Board Secretary

(s) Jay Nelson  
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)

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## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Hallsville Independent School District  
PO Box 810  
Hallsville, Texas 75650

Members of the Board:

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the District as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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.

#### *Change in Accounting Principal*

As described in Note 1. F to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

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

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



### ***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 GAAS and GAS 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 GAAS and GAS, 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 on pages 8 through 16 and Exhibits G-1 to G-5 on pages 56 to 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

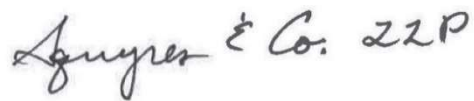
### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The TEA Required Schedules: Exhibits J-1, J-2, J-3, and J-4, accompanying combining nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The TEA required schedules, accompanying combining nonmajor fund financial statements, and schedule of expenditures of federal awards information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the TEA required schedules, accompanying combining nonmajor fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Aguires & Co. 22P". The signature is written in a cursive, flowing style.

Certified Public Accountants

Tyler, Texas  
January 22, 2024

## REQUIRED SUPPLEMENTARY INFORMATION

## MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Hallsville Independent School District (the District), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2023. Please read it in conjunction with the independent auditor's report, and the District's financial statements that follow this section.

### FINANCIAL HIGHLIGHTS

- The District's net position as of 8-31-2023 was \$87,768,104.
- During the year, the District had general fund expenditures of \$203,052,747 and revenues of \$209,369,941 for a net excess of \$6,317,194.
- The General Fund ended the year with a fund balance of \$43,177,169.

### USING THIS ANNUAL REPORT

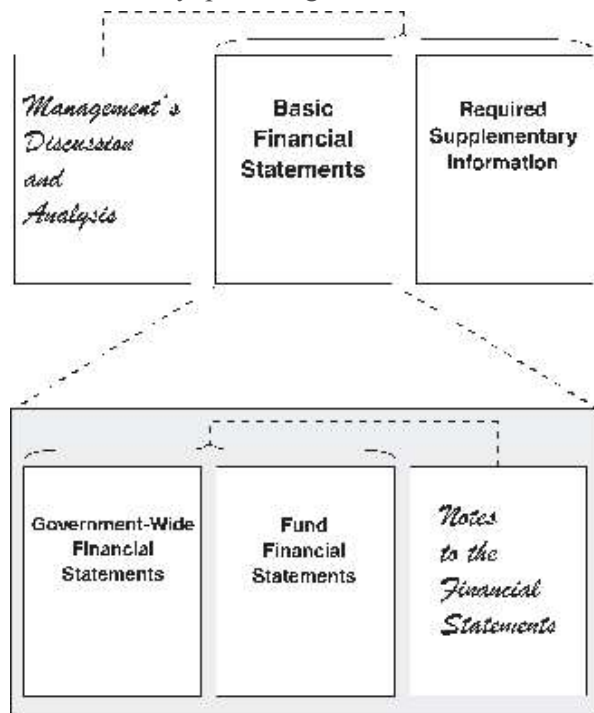
This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental

activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

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

The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.



Summary  Detail

## **Reporting the District as a Whole**

### ***The Statement of Net Position and the Statement of Activities – Government-Wide Financial Statements***

These statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position includes all the District's assets, liabilities, and deferred outflows and inflows of resources at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

The District only has governmental activities to report in the government wide financial statements. The District has no business-type activities and no component units for which it is financially accountable.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds and the District's administration establishes other funds to help it control and manage money for particular purposes.

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

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities and administrative personnel. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Comparative government-wide financial information serves as a useful indicator of the government's financial position. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities. The District has no business-type activities.

### **Net Position**

Table I, presented on the next page, shows the comparative Net Position of Hallsville ISD as of August 31, 2023 and August 31, 2022. Net Position of the District's governmental activities is \$87,768,104, an increase of 17.8%. Of the Net Position amount, \$103,946,835 is net investment in capital assets and right-to-use lease and SBITA assets. The increase in the net investment in capital assets category is due to the acquisition of capital assets in excess of the amount of depreciation during the year, as well as the recognition of GASB 87 and GASB 96 right-to-use assets in use by the district. The 2022-23 fiscal year was the first year for the implementation and recognition of GASB 96 right-to-use SBITA, as required by the GASB standard. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending. The resources to repay the related debt are acquired through taxes. The restricted asset balance of \$4,692,485 represents amounts in the debt service, campus activities, state grants, and school nutrition accounts that are legally restricted for specific purposes.

Unrestricted net position totaled (\$20,871,216) at August 31, 2023 compared to (\$27,806,424) at August 31, 2022. These assets represent resources available for future operations, long-term commitments and emergencies of the District. Unrestricted net position reflects a deficit, which is primarily due to reporting the District's proportionate share of the net Pension and OPEB liabilities, related to GASB Statements 68 and 75 implemented in recent years. The total liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Table I  
NET POSITION  
Governmental Funds

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Current and Other Assets	\$ 178,891,704	\$ 160,502,988	11%
Capital Assets	151,117,102	144,430,034	5%
Deferred Outflows of Resources	10,126,313	8,361,362	21%
Total Assets/Deferred Outflows of Resources	\$ 340,135,119	\$ 313,294,384	9%
Long-term Liabilities	\$ 100,443,631	\$ 106,801,405	-6%
Other Liabilities	136,493,389	115,032,295	19%
Deferred Inflows of Resources	15,429,995	16,947,536	-9%
Total Liabilities/Deferred Inflows of Resources	\$ 252,367,015	\$ 238,781,236	6%
Net Investment in Capital Assets	\$ 103,946,835	\$ 94,383,278	10%
Restricted	4,692,485	7,936,294	-41%
Unrestricted	(20,871,216)	(27,806,424)	-25%
Total Net Position	\$ 87,768,104	\$ 74,513,148	18%

## Changes in Net Position

Table II presents a comparative summary of the revenues, expenses, and changes in net position for the year ended August 31, 2023 and August 31, 2022.

Table II  
CHANGES IN NET POSITION  
Governmental Funds

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 14,870,722	\$ 12,965,462	15%
Operating grants and contributions	21,342,430	12,175,119	75%
General revenues:			
Maintenance and operations taxes	27,412,168	26,540,889	3%
Debt service taxes	3,536,476	6,876,887	-49%
State Aid and grants and contributions not restricted to specific functions	166,311,025	141,220,792	18%
Investment earnings	4,466,729	713,764	526%
Miscellaneous local and intermediate revenue and special items	512,550	543,567	-6%
Extraordinary items	185,540	50,003	271%
Special Items	(3,176)	(1,115)	185%
Total Revenue	<u>\$ 238,634,464</u>	<u>\$ 201,085,368</u>	<u>19%</u>
Expenses:			
Instruction, curriculum and media services	\$ 192,559,379	\$ 156,705,571	23%
Instructional and school leadership	5,488,648	4,105,124	34%
Student support services	5,775,414	5,181,081	11%
Child nutrition	2,267,647	1,887,276	20%
Extracurricular activities	2,270,641	2,144,131	6%
General Administration	3,289,426	2,622,260	25%
Plant maintenance, security & data processing	9,246,723	8,027,644	15%
Community services	55,449	14,250	289%
Debt service	1,639,905	1,843,449	-11%
Capital Outlay	2,222,319	424,705	423%
Other intergovernmental charges	563,957	564,724	0%
Total Expenses	<u>\$ 225,379,508</u>	<u>\$ 183,520,215</u>	<u>23%</u>
Increase/(Decrease) in net position	<u>\$ 13,254,956</u>	<u>\$ 17,565,153</u>	



The main sources of revenue for the District are property taxes and state funds. Property taxes for the general operations and debt service operations represent 12.94% of the government wide resources. The percentage of total funding provided by property taxes decreased by 3.68%, down from 16.62% in 2021-22 to 12.94% in 2022-23. This percentage decrease was due to an increase in funding from state revenue and operating grants and contributions, which was generated primarily by the 15,745.004 virtual school ADA earned in 2022-23, which was an increase of 3,107.753 over the virtual ADA earned in 2021-22 of 12,637.251. The total tax rate for 2022-23 was \$1.0064, with \$0.8914 for maintenance and operations and \$0.115 for debt service. This tax rate was down \$0.2036 from the previous year 2021-22, which was \$1.21, with \$0.9610 for maintenance and operations and \$0.249 for debt service. This decrease was caused primarily by the increase in State Existing Debt Allotment funding received in the debt service fund, which lowered the debt service rate needed to meet the District's bonded debt obligations for the year. The State further compressed the maintenance and operations rate, as mandated by the HB3 legislation passed and effective with the 2019-20 fiscal year.

As shown in Table II, the cost of all governmental activities this year was \$225,379,508. This is an overall increase from the previous year. The district expenses increased in most areas due to the continued growth of the virtual school campus, which began in 2018-19, as well as several capital expenditure projects being completed or in process during the year.

The largest expenses of the District were for instruction, curriculum and media services. Expenses for these areas constitute over 85.44% of the total expenses of the district, a slight increase of 0.05%. This increase is primarily due to the expenses related to the virtual school campus, the enrollment and operations of which saw continued growth from the prior year.

For 2022-23 the statements reflect an increase in net position of \$13,254,956.

## **THE DISTRICT'S FUNDS**

Governmental fund reporting focuses primarily on the sources, uses and balances of current financial resources. The general fund and the capital projects fund are the major funds of the District. All other governmental funds are combined in the statements. The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance use the modified accrual basis of accounting for the governmental funds of the District.

As the District completed the year, its governmental funds reported a combined fund balance of \$49,043,806, which is a decrease from last year's total of \$51,552,838. The decrease included a decrease of \$3,024,249 in the debt service fund, a decrease in other funds of \$219,560, and an increase in the general fund of \$9,426,482. Another significant change of fund balance compared to the prior year was in the Capital Projects Fund, which had fund balance of \$1,174,152, a decrease of \$8,691,705. This decrease is due to the construction on two major projects, a new elementary campus and an auditorium addition at the high school, both of which were completed in the 2022-23 fiscal year. The total unassigned fund balance in the general fund is \$42,696,623. Other fund balances to note in the report include \$1,471,565 restricted for federal and state grant funds, \$2,443,405 restricted for debt service, and \$777,515 committed to campus activity and other groups.

Total governmental funds expenditures for the year ended August 31, 2023 increased to \$245,963,709. Table III shows a comparison of the expenditures for the years ended August 31, 2023 and August 31, 2022.

Table III  
GOVERNMENTAL FUND (MODIFIED ACCRUAL BASIS) EXPENDITURES

	<u>2023</u>		<u>2022</u>	<u>% Change</u>
Instruction, curriculum and media services	\$ 191,920,964	\$	156,618,064	23%
Instructional and school leadership	5,370,748		4,130,627	30%
Student support services	6,082,985		6,346,518	-4%
School Nutrition	2,975,751		1,882,533	58%
Cocurricular activities	2,258,189		2,175,559	4%
General administration	3,262,760		2,675,193	22%
Plant maintenance, security & data processing	12,087,312		9,219,565	31%
Community services	55,449		14,250	289%
Debt service	12,436,046		8,860,980	40%
Facilities acquisition and construction	8,949,548		26,277,071	-66%
Other Intergovernmental Charges	563,957		564,724	0%
Total Expenditures	<u>\$ 245,963,709</u>	\$	<u>218,765,084</u>	12%

The overall change in expenditures in the governmental fund financial statements was 12% for the 2022-23 year.

A major difference between the expenditures as reported on Table II and Table III is the treatment of expenditures related to fixed assets and debt service. On the modified accrual basis (Table III) long-term assets show up as expenditures. When these records are converted to full accrual (Table II) these items are de-expended and capitalized as assets on the balance sheet and depreciation is recorded to expense the items over the useful life of the asset. For long-term debt, on the modified accrual basis, debt principal and interest are recorded as expenditures while on the full accrual basis the principal payments are de-expended during the conversion, leaving only interest as an expenditure.

The difference in the treatment of fixed asset purchases between the two methods accounts for many of the differences between the absolute and percentage changes among the various categories on Tables II and III.

The explanation for the changes in the other categories mirror the explanations in the government wide section of the report and therefore the explanations contained in that section of this report are applicable to this section.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the 2022-23 year, the Board of Trustees revised the District's budget several times. The budget was amended to:

- Provide for vehicle repair costs, provided by insurance proceeds.
- Provide for transportation costs, provided by vehicle auction proceeds.
- Provide for additional website design service expenditures.
- Provide for additional extra-curricular, campus admin and safety/security expenditures.
- Provide for costs for capital lease and SBITA agreements, in order to correctly allocate GASB 87 and GASB 96 expenditures across functions.

- Provide for budgeted funds for food service revenues and related expenditures from the receipt of additional commodities expenditures and Supply Chain Assistance grant funds for Child Nutrition operations.
- Provide for budgeted funds for general fund food service expenditures for the recognition of negative student balances at year end.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2022-23, the District had \$215,975,288 invested in a broad range of capital assets and right-to-use assets, including facilities and equipment for instruction, transportation, technology, and maintenance. This amount represents a net increase of \$9,325,041. This increase primarily includes the completion of the new Elementary School and High School Performing Arts Center, the purchase of a new Food Service Warehouse walk-in freezer, a new track surface at the high school practice field, the purchase of energy savings analysis and thermostat equipment, the purchase of 4 new school buses, Custodial equipment, district-wide HVAC upgrades, security fencing across the district, and construction in progress costs related to two parking lot expansion projects at the new Elementary school and at the baseball field complex, both of which were completed in the 2023-24 fiscal year. More detailed information about the District's capital assets is presented in Note III, Section E to the financial statements.

### **Debt**

At year-end, the District had \$76,810,000 in bonds outstanding, versus \$84,710,000 last year. Debt activity for the year included bond premium amortization, as well as an additional \$2,745,000 defeasance payment on bonded debt. More detailed information about the District's long-term liabilities is presented in Note III, Section F to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2023-24 budget and tax rates. The funding formula implemented by the 88<sup>th</sup> Legislature was used for developing the 2023-24 budget.

The District adopted, as of August 2023, a general fund expenditure budget of \$207,378,657. This is a decrease of \$6,862,760 from the originally adopted 2022-23 expenditure budget. This decrease is largely attributed to a slight decrease from the enrollment and contracted services expenditures related to the virtual school operations during the 2022-23 year, which are lower than originally expected, but which are not expected to decrease any further. Consideration has been made to conservatively, yet realistically, budget for the revenues to be generated by the 2023-24 virtual school operations and these related expenditures. The 2023-24 year will be the sixth year of the contract with Stride K12 Virtual Schools LLC, with seven years remaining in the current contract period. As in the previous years, and as the 2023-24 year progresses, virtual school enrollment and related ADA levels will be closely monitored to determine any budget amendments that may be necessary to accommodate the enrollment demands.

The District's budgeting approach will remain conservative, but excellence in education, for all students, will remain the primary goal.

The refined average daily attendance used for estimating 2023-24 revenues was 19,518.591. The District's average daily attendance is consistent over the last year, with stable attendance and growth over the past six years for the resident student ADA remaining around 4,600-4,700, and with continued ADA numbers expected from the virtual student population of approximately 16,450, the expected growth from which is conservative but consistent with 2022-23. The ADA of the district will be closely monitored during the 2023-24 school year and appropriate budget adjustments will be made for any increase or decrease during the year, especially as it relates to virtual school ADA. The District will also continue to accept transfer students during the 2023-24 fiscal year.

The certified appraisal rolls, as determined by Harrison Central Appraisal District for Hallsville ISD, indicated a 7.68% increase for the 2023-24 school year. The district assessed a maintenance and operations (M&O) tax rate of \$0.6832 and a debt service tax rate of \$0.115 for the 2023-24 budget. A budget with general fund revenues of \$207,380,497 was adopted for the maintenance and operations of the district for 2023-24.

Every effort was made during the budget process to provide for an excellent education to the students of Hallsville ISD, and to ensure the education they receive is a source of pride for the staff, parents, students and community. The dedicated employees of Hallsville ISD will continue to strive to provide a high quality of education to all students of the District.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Hallsville Independent School District, P.O. Box 810, Hallsville, Texas, 75650.

## BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 104,068,807
1120 Current Investments	2,212,315
1220 Property Taxes - Delinquent	1,297,396
1230 Allowance for Uncollectible Taxes	(37,298)
1240 Due from Other Governments	70,894,981
1290 Other Receivables, Net	54,785
1300 Inventories	208,672
1410 Prepayments	192,046
Capital Assets:	
1510 Land	4,939,321
1520 Buildings, Net	135,194,713
1530 Furniture and Equipment, Net	7,179,470
1550 Right-to-Use Leased Assets, Net	1,105,770
1553 SBITA Assets, Net	326,892
1580 Construction in Progress	2,370,936
1000 Total Assets	<u>330,008,806</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	39,490
1705 Deferred Outflow Related to TRS Pension	5,864,663
1706 Deferred Outflow Related to TRS OPEB	4,222,160
1700 Total Deferred Outflows of Resources	<u>10,126,313</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	2,606,424
2131 SBITA Liability Payable - Current	244,632
2140 Interest Payable	155,846
2150 Payroll Deductions and Withholdings	428,409
2160 Accrued Wages Payable	3,700,980
2200 Accrued Expenses	121,520,121
2300 Unearned Revenue	331,866
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	7,505,111
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	79,745,778
2540 Net Pension Liability (District's Share)	12,279,328
2545 Net OPEB Liability (District's Share)	8,418,525
2000 Total Liabilities	<u>236,937,020</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,183,038
2606 Deferred Inflow Related to TRS OPEB	14,246,957
2600 Total Deferred Inflows of Resources	<u>15,429,995</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	103,946,835
Restricted:	
3820 Restricted for Federal and State Programs	1,471,565
3850 Restricted for Debt Service	2,443,405
3870 Restricted for Campus Activities	777,515
3900 Unrestricted	(20,871,216)
3000 Total Net Position	<u>\$ 87,768,104</u>

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 190,649,130	\$ 13,332,723	\$ 13,002,678	\$ (164,313,729)
12 Instructional Resources and Media Services	1,333,552	67,905	617,259	(648,388)
13 Curriculum and Instructional Staff Development	576,697	-	429,294	(147,403)
21 Instructional Leadership	1,958,019	-	320,814	(1,637,205)
23 School Leadership	3,530,629	44,928	363,785	(3,121,916)
31 Guidance, Counseling, and Evaluation Services	2,362,562	27,599	1,270,389	(1,064,574)
32 Social Work Services	91,813	-	5,621	(86,192)
33 Health Services	782,503	-	89,666	(692,837)
34 Student (Pupil) Transportation	2,538,536	-	727,949	(1,810,587)
35 Food Services	2,267,647	551,398	2,011,983	295,734
36 Extracurricular Activities	2,270,641	699,127	20,633	(1,550,881)
41 General Administration	3,289,426	141,522	345,204	(2,802,700)
51 Facilities Maintenance and Operations	7,272,671	5,520	1,630,308	(5,636,843)
52 Security and Monitoring Services	1,092,653	-	378,472	(714,181)
53 Data Processing Services	881,399	-	72,505	(808,894)
61 Community Services	55,449	-	55,449	-
72 Debt Service - Interest on Long-Term Debt	1,610,048	-	421	(1,609,627)
73 Debt Service - Bond Issuance Cost and Fees	29,857	-	-	(29,857)
81 Capital Outlay	2,222,319	-	-	(2,222,319)
99 Other Intergovernmental Charges	563,957	-	-	(563,957)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 225,379,508	\$ 14,870,722	\$ 21,342,430	(189,166,356)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			27,412,168
DT	Property Taxes, Levied for Debt Service			3,536,476
SF	State Aid - Formula Grants			165,614,041
GC	Grants and Contributions not Restricted			696,984
IE	Investment Earnings			4,466,729
MI	Miscellaneous Local and Intermediate Revenue			512,550
SI	Loss on Sale of Property			(3,176)
E1	Extraordinary Item - resource			185,540
TR	Total General Revenues and Special Items			202,421,312
CN	Change in Net Position			13,254,956
NB	Net Position - Beginning			74,513,148
NE	Net Position - Ending			\$ 87,768,104

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

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

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 97,767,421	\$ 2,292,670	\$ 4,008,716	\$ 104,068,807
1120 Investments - Current	2,212,315	-	-	2,212,315
1220 Property Taxes - Delinquent	1,051,508	-	245,888	1,297,396
1230 Allowance for Uncollectible Taxes	(29,161)	-	(8,137)	(37,298)
1240 Due from Other Governments	65,950,870	-	4,944,111	70,894,981
1260 Due from Other Funds	2,828,519	-	117,944	2,946,463
1290 Other Receivables	89	-	54,696	54,785
1300 Inventories	197,287	-	11,385	208,672
1410 Prepayments	183,259	-	8,787	192,046
1000 Total Assets	<u>\$ 170,162,107</u>	<u>\$ 2,292,670</u>	<u>\$ 9,383,390</u>	<u>\$ 181,838,167</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 248,236	\$ 1,118,518	\$ 1,239,670	\$ 2,606,424
2150 Payroll Deductions and Withholdings Payable	407,045	-	21,364	428,409
2160 Accrued Wages Payable	3,520,764	-	180,216	3,700,980
2170 Due to Other Funds	117,944	-	2,828,519	2,946,463
2200 Accrued Expenditures	121,520,121	-	-	121,520,121
2300 Unearned Revenue	148,481	-	183,385	331,866
2000 Total Liabilities	<u>125,962,591</u>	<u>1,118,518</u>	<u>4,453,154</u>	<u>131,534,263</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	1,022,347	-	237,751	1,260,098
2600 Total Deferred Inflows of Resources	<u>1,022,347</u>	<u>-</u>	<u>237,751</u>	<u>1,260,098</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	197,287	-	-	197,287
3430 Prepaid Items	183,259	-	-	183,259
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	1,471,565	1,471,565
3470 Capital Acquisition and Contractual Obligation	-	1,174,152	-	1,174,152
3480 Retirement of Long-Term Debt	-	-	2,443,405	2,443,405
Committed Fund Balance:				
3545 Other Committed Fund Balance	100,000	-	777,515	877,515
3600 Unassigned Fund Balance	42,696,623	-	-	42,696,623
3000 Total Fund Balances	<u>43,177,169</u>	<u>1,174,152</u>	<u>4,692,485</u>	<u>49,043,806</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 170,162,107</u>	<u>\$ 2,292,670</u>	<u>\$ 9,383,390</u>	<u>\$ 181,838,167</u>

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



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

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<b>Total Fund Balances - Governmental Funds (from Exhibit C-1)</b>	<b>\$ 49,043,806</b>
Capital assets used in governmental activities are not reported in the funds.	151,117,102
Net property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,260,098
Payables for bond principal which are not due in the current period are not reported in the funds	(76,810,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(155,846)
Payables for contracts which are not due in the current period are not reported in the funds.	(8,008,318)
The deferred loss on defeasance of debt is not reported in the funds.	39,490
New note payable is not reported in the funds.	(1,244,541)
Lease liabilities are not reported in the funds.	(1,105,770)
New SBITA liabilities are not reported in the funds.	(326,892)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(12,279,328)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(8,418,525)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(1,183,038)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(14,246,957)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	5,864,663
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	4,222,160
<b>Net Position of Governmental Activities - Statement of Net Position (see Exhibit A-1)</b>	<b>\$ <u>87,768,104</u></b>

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

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

EXHIBIT C-3

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 45,144,724	\$ 302,295	\$ 5,329,744	\$ 50,776,763
5800 State Program Revenues	163,528,233	-	5,810,197	169,338,430
5900 Federal Program Revenues	696,984	-	19,405,182	20,102,166
5020 Total Revenues	209,369,941	302,295	30,545,123	240,217,359
EXPENDITURES:				
Current:				
0011 Instruction	177,551,616	-	12,485,223	190,036,839
0012 Instructional Resources and Media Services	674,361	-	634,380	1,308,741
0013 Curriculum and Instructional Staff Development	146,420	-	428,964	575,384
0021 Instructional Leadership	1,606,859	-	311,043	1,917,902
0023 School Leadership	3,176,828	-	276,018	3,452,846
0031 Guidance, Counseling, and Evaluation Services	1,061,147	-	1,246,413	2,307,560
0032 Social Work Services	86,430	-	3,000	89,430
0033 Health Services	683,615	-	70,056	753,671
0034 Student (Pupil) Transportation	2,256,703	-	675,621	2,932,324
0035 Food Services	5,518	-	2,970,233	2,975,751
0036 Extracurricular Activities	1,580,015	44,452	633,722	2,258,189
0041 General Administration	2,989,014	-	273,746	3,262,760
0051 Facilities Maintenance and Operations	8,008,118	-	1,536,728	9,544,846
0052 Security and Monitoring Services	1,007,163	-	355,210	1,362,373
0053 Data Processing Services	1,124,123	-	55,970	1,180,093
0061 Community Services	-	-	55,449	55,449
Debt Service:				
0071 Principal on Long-Term Liabilities	491,962	-	7,926,765	8,418,727
0072 Interest on Long-Term Liabilities	28,810	-	3,958,652	3,987,462
0073 Bond Issuance Cost and Fees	10,088	-	19,769	29,857
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	8,949,548	-	8,949,548
Intergovernmental:				
0099 Other Intergovernmental Charges	563,957	-	-	563,957
6030 Total Expenditures	203,052,747	8,994,000	33,916,962	245,963,709
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	6,317,194	(8,691,705)	(3,371,839)	(5,746,350)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	77,931	-	-	77,931
7913 Proceeds of Right-to-Use Lease	1,191,387	-	-	1,191,387
7914 Non-Current Loans	1,244,541	-	-	1,244,541
7949 Proceeds of SBITAs and Other Resources	484,518	-	53,401	537,919
7080 Total Other Financing Sources (Uses)	2,998,377	-	53,401	3,051,778
EXTRAORDINARY ITEMS:				
7919 Extraordinary Item - Resource	110,911	-	74,629	185,540
1200 Net Change in Fund Balances	9,426,482	(8,691,705)	(3,243,809)	(2,509,032)
0100 Fund Balance - September 1 (Beginning)	33,750,687	9,865,857	7,936,294	51,552,838
3000 Fund Balance - August 31 (Ending)	\$ 43,177,169	\$ 1,174,152	\$ 4,692,485	\$ 49,043,806

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

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

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<b>Net Change in Fund Balances - Governmental Funds (from Exhibit C-3)</b>	<b>\$ (2,509,032)</b>
Capital outlays are not reported as expenses in the Statement of Activities (SOA).	12,290,114
The depreciation and amortization of capital assets used in governmental activities is not reported in the funds.	(5,501,812)
The gain or loss on the sale of capital assets is not reported in the funds.	(101,234)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	21,978
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	7,900,000
Bond premiums and deferred loss are amortized in the SOA but not in the funds.	2,370,715
(Increase) decrease in accrued interest from beginning of period to end of period.	6,699
New note payable is not reported in the funds.	(1,244,541)
Lease liabilities are shown as a decrease in the SOA but not in the funds.	(792,356)
New SBITA liabilities are shown as a decrease in the SOA but not in the funds.	(326,892)
Pension contributions made after the measurement date but in current FY were de-expended and reduced Net Pension.	1,268,804
OPEB contributions made after the measurement date but in current FY were de-expended and reduced Net OPEB.	328,501
Pension expenditures relating to GASB 68 is recorded in the SOA but not in the funds.	(1,532,126)
OPEB expenditures relating to GASB 75 is recorded in the SOA but not in the funds.	1,076,138
<b>Change in Net position of Governmental Activities - Statement of Activities (see Exhibit B-1)</b>	<b>\$ <u><u>13,254,956</u></u></b>

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 107,708
Total Assets	<u>107,708</u>
NET POSITION	
Restricted for Other Purposes	<u>107,708</u>
Total Net Position	<u><u>\$ 107,708</u></u>

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

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

	Total Custodial Funds
<b>ADDITIONS:</b>	
Contributions to Student Groups	\$ 7,221
Miscellaneous Revenue - Student	72,984
Enterprising Services Revenue	53,497
Earnings from Temporary Deposits	829
Contributions, Gifts and Donations	18,941
Miscellaneous Additions	490
Total Additions	<u>153,962</u>
<b>DEDUCTIONS:</b>	
Professional and Contracted Services	15,371
Supplies and Materials	56,344
Other Deductions	63,654
Total Deductions	<u>135,369</u>
Change in Fiduciary Net Position	18,593
Total Net Position - September 1 (Beginning)	<u>89,115</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 107,708</u></u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Other Post-Employment Benefits (OPEB):** 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.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires state and local governments to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. As of August 31, 2023, the District has granted no tax abatements.

**A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and it has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The trustees as a body corporate have 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 (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, and there are no component units included within the reporting entity. The combined financial statements of the District include all activities for which the Board exercises these governance responsibilities.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

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

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

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

**D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District’s primary operating fund. This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Capital Projects Funds** – These governmental funds are established to account for proceeds from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

Additionally, the District reports the following fund types:

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Food Service Fund is the only required budgeted fund. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

The District’s Food Service Fund is considered a special revenue fund since it meets the following criteria: (1) User fees are charged to supplement the National School Lunch Program (NSLP), (2) The General Fund subsidizes the Food Service Program for all expenditures required in excess of NSLP and user fees, and (3) The District does not consider the Food Service Program completely self-supporting. Food Service fund balances are used exclusively for child nutrition program purposes.

2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.



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3. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

1. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no enterprise funds.
2. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has no internal service funds.

Fiduciary Funds:

1. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has no Private Purpose Trust Funds.
2. **Pension (and Other Employee Benefit) Trust Funds** – These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District has no Pension Trust Funds.
3. **Investment Trust Fund** - This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the district. The District has no Investment Trust Funds.
4. **Custodial Funds** – The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. The District's Custodial Funds are the Student Activity Funds for each campus.

**E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.
3. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.
4. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as, bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

5. The District does not have a policy to pay any amounts when employees separate from service with the district; therefore, there is no liability for unpaid accumulated sick leave.
6. Capital assets, which include land, buildings, furniture and equipment, right-to-use lease assets, right-to-use subscription-based information technology arrangements (SBITA) assets and infrastructure assets are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment, lease assets, and infrastructure assets of the District are depreciated using the straight line method over the following estimated useful lives, for the term of the lease for the lease assets, and for the term of the subscription for SBITA assets:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Building Improvements	10-20
Vehicles	5
Office Equipment	10
Computer Equipment	10

Land and Construction in Progress are not depreciated.

7. Internal Service Funds support the operations of governmental funds and are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid “grossing up” the revenues and expenses of the District as a whole. The District has no Internal Service Funds.
8. In the fund financial statements, governmental funds report fund balances in the following classifications:
  - a. *Nonspendable fund balance* – amounts that are not in spendable form, such as fund balances associated with inventories, prepaids, and long-term loans and notes receivable.
  - b. *Restricted fund balance* – amounts that can be spent only for the specific purposes stipulated by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or enabling legislation.
  - c. *Committed fund balance* – amounts that can only be used for the specific purposes determined by a formal action of the District’s Board of Trustees (the District’s highest level of decision-making authority). These amounts cannot be used for any other purpose unless the District’s Board of Trustees takes the same level of action to remove or change the constraint.
  - d. *Assigned fund balance* – amounts intended to be used by the government for a specific purpose but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the District’s Board of Trustees or by the Superintendent or the Superintendent’s designee to whom the Board of Trustees has delegated the authority to assign fund balances.

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- e. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.
9. When the District incurs an expense for which it may use assets available in more than one classification, the District uses restricted assets first, followed by committed, assigned and finally unassigned, unless unassigned assets will have to be returned because they were not used.
10. Management's use of estimates in the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimations and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.
11. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources, for its proportionate share of TRS's deferred outflow related to pensions as described in Note III G, its proportionate share of TRS's deferred outflow related to OPEB as described in Note III H, and for deferred charges for bond refunding.
12. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. The District has deferred inflows of resources, which arises under the modified accrual basis of accounting, unavailable revenue from property taxes and for its proportionate share of the Teacher Retirement System of Texas' (TRS) deferred inflow related to pensions as described in Note III G and related to OPEB as described in Note III H. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
13. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide database for policy development and funding plans.
14. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity. The extent of the impact of Covid-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the District's students, employees, and vendors, all of which at the present time cannot be determined.

The District's operations are heavily dependent on its ability to collect property taxes as levied. Access to grants and contracts from federal and state governments may decrease or not be available depending on appropriations determined at those levels. As such, this could hinder the District's ability to meet the needs of its constituents at the same level as in past years. Accordingly, the extent to which COVID-19 may impact the District's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

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**F. CHANGE IN ACCOUNTING POLICIES**

During fiscal year 2023, the District implemented Statement No. 96, *Subscription-Based Information Technology Arrangements*, providing guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District evaluated agreements for software and software subscriptions to determine whether they meet the definition of a SBITA as defined in GASB No. 96. See further detail on Notes III E and F. There were no SBITAs carried forward from prior fiscal years, therefore there were no impacts to the beginning net position related to the adoption of GASB No. 96

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

**A. BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund (which is included in Other Funds), and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. The following amendments were significant:
  - Provide for vehicle repair costs, provided by insurance proceeds.
  - Provide for transportation costs, provided by vehicle auction proceeds.
  - Provide for additional website design service expenditures.
  - Provide for additional extra-curricular, campus admin and safety/security expenditures.
  - Provide for costs for capital lease and SBITA agreements, in order to correctly allocate GASB 87 and GASB 96 expenditures across functions.
  - Provide for budgeted funds for food service revenues and related expenditures from the receipt of additional commodities expenditures and Supply Chain Assistance grant funds for Child Nutrition operations.
  - Provide for budgeted funds for general fund food service expenditures for the recognition of negative student balances at year end.

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4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2023 <u>Fund Balance</u>
Appropriated Budget Funds – Food Service Special Revenue Fund	\$ 1,471,565
Non-appropriated Budget Funds	<u>777,515</u>
All Special Revenue Funds	<u>\$ 2,249,080</u>

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. DEPOSITS AND INVESTMENTS**

**Deposits**

District Policies and Legal and Contractual Provisions Governing Deposits

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

Foreign Currency Risk The District does not have any deposits or investments denominated in a foreign currency.

As of August 31, 2023, the following are the District's cash and cash equivalents with respective maturities and credit rating:

<u>Type of Deposit</u>	<u>Fair Value</u>	<u>Percent</u>	<u>Maturity in Less than 1 year</u>	<u>Maturity in 1-10 Years</u>	<u>Maturity in Over 10 Years</u>	<u>Credit Rating</u>
Cash	\$ 3,536,418	3.324%	\$ 3,536,418	-	-	N/A
Money Markets	1,028	0.001%	1,028	-	-	N/A
Investment Pools:						
Lone Star	100,620,088	94.578%	100,620,088	-	-	AAA
TexPool	13,503	0.013%	13,503	-	-	AAA
TexSTAR	<u>5,479</u>	<u>0.005%</u>	<u>5,479</u>	-	-	AAA
Total Cash and Cash Equivalents	<u>\$ 104,176,516</u>	<u>97.921%</u>	<u>\$ 104,176,516</u>	-	-	
Certificates of Deposit	<u>2,212,315</u>	<u>2.079%</u>	<u>2,212,315</u>	-	-	AAA
Total Cash, Deposits in Investment Pools, and Money Market Accounts	<u>\$ 106,388,831</u>	<u>100.00%</u>	<u>\$ 106,388,831</u>	-	-	
Total Cash and Cash Equivalents - Primary Government			\$ 104,068,807			
Total Cash and Cash Equivalents - Fiduciary Funds			<u>107,708</u>			
Total Cash and Cash Equivalents			<u>\$ 104,176,515</u>			

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**Investments**

District Policies and Legal and Contractual Provisions Governing Investments

**Compliance with the Public Funds Investment Act**

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

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

Additional policies and contractual provisions governing deposits and investments for Hallsville Independent School District are specified below:

*Credit Risk* To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to those covered by the Public Funds Investment Act. As of August 31, 2023, the District's investments in investment pools was rated AAA by Standard & Poor's.

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

*Concentration of Credit Risk* To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District requires investments to be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during the 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio.

*Interest Rate Risk* To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires any internally created pool fund group of the District to have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District may not exceed one year from the time of purchase. All of the District's investments at August 31, 2023 had a maturity of one year or less.



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Foreign Currency Risk for Investments The District does not have any investments denominated in a foreign currency.

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

The District's investments are held in First Public Lone Star Corporate Overnight Plus Fund, TexPool Texas Local Government Investment Pool, TexSTAR, and Certificates of Deposit, which are classified as cash and cash equivalents as they are exempt from Fair Value Measurement under GASB 72 as they qualify as 2a-7 like investment pools.

**B. PROPERTY TAXES**

Property taxes are levied on October 1 on the assessed value listed as of the prior January 1 for all real estate and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent and subject to interest if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period, however, amounts collected during the 60-day period after year-end are not considered material to the financial statements and are not reported.

The tax rates assessed for the year ended August 31, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.8914 and \$0.1150 per \$100 valuation, respectively, for a total of \$1.0064 per \$100 valuation. The assessed value of the property tax roll on July 25, 2022, upon which the levy for the 2022-2023 fiscal year was based, was \$3,098,205,655.

Current tax collections for the year ended August 31, 2023 were 98.58% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of August 31, 2023, unavailable revenue, net of estimated uncollectible taxes, totaled \$1,022,347 and \$237,751 for the General and Debt Service Funds, respectively.

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**C. INTERFUND BALANCES AND TRANSFERS**

**1. Due To and From Other Funds**

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

Due to Fund	Due From Fund	Amount
General Fund	Debt Service Fund	\$ 32,229
General Fund	Special Revenue Funds	2,796,290
Special Revenue Funds	General Fund	117,944
	Total	\$ 2,946,463

All amounts due are scheduled to be repaid within one year.

**D. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at August 31, 2023  
were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
<b>Governmental Activities:</b>					
General Fund	\$ 1,051,508	\$ 65,950,870	\$ 2,828,519	\$ 89	\$ 69,830,986
Nonmajor Governmental Fund	245,888	4,944,111	117,944	54,696	5,362,639
<b>Total – Governmental Activities</b>	<u>\$ 1,297,396</u>	<u>\$ 70,894,981</u>	<u>\$ 2,946,463</u>	<u>\$ 54,785</u>	<u>\$ 75,193,625</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 37,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,298</u>

Payables at August 31, 2023 were as  
follows:

	Accounts	Salaries and Benefits	Due to Other Funds	Total Payments
<b>Governmental Activities:</b>				
General Fund	\$ 248,236	\$ 3,927,809	\$ 117,944	\$ 4,293,989
Capital Projects	1,118,518	-	-	1,118,518
Nonmajor Governmental Fund	1,239,670	201,580	2,828,519	4,269,769
<b>Total-Governmental Activities</b>	<u>\$ 2,606,424</u>	<u>\$ 4,129,389</u>	<u>\$ 2,946,463</u>	<u>\$ 9,682,276</u>



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**E. CAPITAL ASSET ACTIVITY**

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

	Beginning Balance	Additions	Adjustments & Retirements	Ending Balance
Governmental Activities:				
Assets Not Being Depreciated:				
Land	\$ 4,939,321	\$ -	\$ -	\$ 4,939,321
Construction in Progress	37,770,598	2,370,937	(37,770,599)	2,370,936
Assets with Depreciation:				
Buildings and Improvements	147,865,525	42,846,832	(1,601,900)	189,110,457
Vehicles	7,417,974	518,212	(824,319)	7,111,867
Equipment	8,343,415	2,666,630	-	11,010,045
Totals at Historic Cost	<u>206,336,833</u>	<u>48,402,611</u>	<u>(40,196,818)</u>	<u>214,542,626</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(51,727,168)	(3,709,369)	1,520,793	(53,915,744)
Vehicles	(4,852,928)	(809,688)	824,319	(4,838,297)
Equipment	(5,640,117)	(464,028)	-	(6,104,145)
Total Accumulated Depreciation	<u>(62,220,213)</u>	<u>(4,983,085)</u>	<u>2,345,112</u>	<u>(64,858,186)</u>
Total Assets being Depreciated, Net	<u>144,116,620</u>	<u>43,419,526</u>	<u>(37,851,706)</u>	<u>149,684,440</u>
Right-to-Use (RTU) Leased Assets:				
Leased Assets	441,952	1,191,387	(39,419)	1,593,920
Less Accumulated Amortization	<u>(128,538)</u>	<u>(378,904)</u>	<u>19,292</u>	<u>(488,150)</u>
Total RTU Assets being Amortized, Net	313,414	812,483	(20,127)	1,105,770
SBITA Assets:				
Subscription Assets	-	537,919	-	537,919
Less Accumulated Amortization	<u>-</u>	<u>(211,027)</u>	<u>-</u>	<u>(211,027)</u>
Total SBITA Assets being Amortized, Net	<u>-</u>	<u>326,892</u>	<u>-</u>	<u>326,892</u>
Governmental Activities Capital Assets, Net	\$ <u>144,430,034</u>	\$ <u>44,558,901</u>	\$ <u>(37,871,833)</u>	\$ <u>151,117,102</u>

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

	<u>Depreciation</u>	Amortization for RTU <u>Lease Assets</u>	Amortization for <u>SBITA</u>
Instruction	\$ 3,151,840	\$ 150,918	\$ 26,765
Instructional Resources and Media Services	59,614	-	-
Curriculum Development and Instructional Staff Development	2,468	-	-
Instructional Leadership	169,565	5,695	24,375
School Leadership	321,745	-	-
Guidance, Counseling and Evaluation Services	203,023	5,695	-
Social Work Services	8,575	-	-
Health Services	69,223	-	-
Student (Pupil) Transportation	182,204	28,594	-
Food Services	18,789	-	-
Cocurricular/Extracurricular Activities	75,460	6,138	-
General Administration	260,089	52,133	-
Facilities Maintenance and Operations	317,974	116,297	-
Security and Monitoring Service	86,057	13,434	-
Data Processing Services	56,459	-	88,683
	<u>\$ 4,983,085</u>	<u>\$ 378,904</u>	<u>\$ 139,823</u>

**F. BONDS, NOTES, RIGHT-TO-USE LEASE, AND SBITA PAYABLES**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

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:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Unlimited tax & refunding bonds	\$ 84,710,000	\$ -	\$ 7,900,000	\$ 76,810,000	\$ 5,400,000
Unamortized bond premium	10,406,112	-	2,397,794	8,008,318	1,615,556
Notes Payable	-	1,244,541	-	1,244,541	126,783
Right-to-Use Lease	313,414	1,191,387	399,031	1,105,770	362,772
Right-to-Use SBITA	-	537,919	211,027	326,892	244,632
TRS Net Pension Liability	5,085,737	8,158,749	965,158	12,279,328	-
TRS Net OPEB Liability	13,443,862	(4,736,560)	288,777	8,418,525	-
Total governmental activities	<u>\$ 113,959,125</u>	<u>\$ 6,396,036</u>	<u>\$ 12,161,787</u>	<u>\$ 108,193,374</u>	<u>\$ 7,749,743</u>

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**Bond Payable**

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Maturity Date	Beginning Balance	Reductions	Ending Balance
2020 - Unlimited Tax School Building & Refunding Bonds	3.00-5.00%	2040	\$ 82,880,000	\$ 7,300,000	\$75,580,000
2020 - Unlimited Tax Refunding Bonds	1.80-2.05%	2025	1,830,000	600,000	1,230,000
Totals			<u>\$ 84,710,000</u>	<u>\$ 7,900,000</u>	<u>\$76,810,000</u>

Changes in debt-related deferred outflows of resources for the fiscal year ended August 31, 2023 were:

	Balance at August 31, 2022, As Adjusted	Issued/ Increases	Retired/ Refunded	Balance at August 31, 2023
Deferred Loss on Defeasance of Bonds	\$ 66,569	-	\$ 27,079	\$ 39,490

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

<u>Year Ending August 31,</u>	<u>Bond Payable Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,400,000	\$ 3,155,158	\$ 8,555,158
2025	5,655,000	2,897,230	8,552,230
2026	5,945,000	2,616,375	8,561,375
2027	6,250,000	2,311,500	8,561,500
2028	6,570,000	1,991,000	8,561,000
2029-2033	20,785,000	5,843,450	26,628,450
2034-2038	18,145,000	2,620,775	20,765,775
2039-2040	8,060,000	243,600	8,303,600
Totals	<u>\$ 76,810,000</u>	<u>\$ 21,679,088</u>	<u>\$ 98,489,088</u>

**Notes Payable**

The following is a summary of changes in the notes payable for the fiscal year:

Description	Interest Rate	Maturity Date	Beginning Balance	Addition	Ending Balance
Southside Bank	5.85%	2031	\$ -	\$ 1,244,541	\$ 1,244,541
Total			<u>\$ -</u>	<u>\$ 1,244,541</u>	<u>\$ 1,244,541</u>

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

Year Ending August 31,	Notes Payable Activities		
	Principal	Interest	Total
2024	\$ 126,783	\$ 81,977	\$ 208,760
2025	125,135	83,625	208,760
2026	135,190	73,571	208,761
2027	146,052	62,708	208,760
2028	157,788	50,972	208,760
2029-2031	553,593	72,687	626,280
Totals	\$ 1,244,541	\$ 425,540	\$ 1,670,081

**Right-to-Use Lease Payable**

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 Leases and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. There were no payments recorded in the current year that were not included in the measurement of the right-to-use lease liability, no commitments prior to the commencement of the lease contract, and no lease impairments as of August 31, 2023.

The leases entered into agreement with the District are at follows:

Agreements with Enterprise Fleet Management for multiple vehicle leases; average monthly payments of \$12,690; lease liability measured using a discount rate ranging from 3.00 to 4.00%; the leases have various inception and ending dates, the earliest inception of the leases is May 2020 and the last ending date is June 2026.

Agreements with Mobile Modular Portable Building for a portable building; monthly payments of \$2,197; lease liability measured using a discount rate of 1.81%; inception of the lease is August 2023 with 12 monthly payments ending August 2024.

Agreements with UBEO, LLC for district copiers; annual payments of \$202,173; lease liability measured using a discount rate of 1.81%; inception of the lease is September 2022 with the 5.25 year lease ending November 2027.

Description	Discount Interest Rate	Original Lease Liability	Interest Current Year	Amounts Outstanding 09/01/22	Additions	Retired	Amounts Outstanding 08/31/23
Enterprise Fleet Management, maturing through 6/2026	3.00-4.00%	\$ 561,441	\$ 28,606	\$ 289,601	\$ 143,302	\$ 173,045	\$ 259,858
Mobile Modular Portable Building, maturing through 8/2024	1.81%	26,360	204	23,813	26,360	23,813	26,360
UBEO Copiers, maturing through 11/30/2027	1.81%	1,021,725	-	-	1,021,725	202,173	819,552
Total			\$ 28,810	\$ 313,414	\$1,191,387	\$ 399,031	\$ 1,105,770

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The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2023 were as follows:

Year Ending August 31,	Right-to-Use Lease Payable Activities		
	Principal	Interest	Total
2024	\$ 362,772	\$ 44,597	\$ 407,369
2025	265,844	27,542	293,386
2026	229,818	15,789	245,607
2027	197,692	4,481	202,173
2028	49,644	899	50,543
Totals	\$ 1,105,770	\$ 93,308	\$ 1,199,078

**SBITA** - The District has entered into subscription-based agreements. The agreements qualify under GASB 96 and therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. There were no payments recorded in the current year that were not included in the measurement of the SBITA liability, no commitments prior to the commencement of the contract, and no SBITA impairments as of August 31, 2023.

The SBITA agreements with the District are at follows:

Agreement with Google Suite for district communication and collaborative productivity software; annual payments of \$31,509.19; liability measured using a discount rate of 1.5%; inception date of 7/24/2023 for a period of 36 months.

Agreement with Educ Adv-Cardonex for master scheduling software; one annual payment of \$24,375 and two annual payments of 24,240; liability measured using a discount rate of 1.5%; inception date of 9/1/2022 for a period of 36 months.

Agreement with Skyward for accounting software; one annual payment of \$85,326.25 and one annual payment of 88,427.25; inception date of 9/1/2022 for a period of 24 months.

Agreement with CDW-Go Guardian for classroom management software; one annual payment of \$37,650 and one annual payment of 41,100; inception date of 9/1/2022 for a period of 24 months.

Agreement with TEKS Resources System for curriculum alignment software; one annual payment of \$27,186.05 and one annual payment of 27,056.08; liability measured using a discount rate of 1.5%; inception date of 9/1/2022 for a period of 24 months.

Agreement with Microsoft Office 365 for district desktop applications and storage software; two annual payments of \$33,554.88; inception date of 9/1/2022 for a period of 24 months.

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Description	Discount Interest Rate	Original Lease Liability	Interest Current Year	Amounts Outstanding 09/01/22	Additions	Retired	Amounts Outstanding 08/31/23
Google Suite	1.55%	\$ 93,154	\$ -	\$ -	\$ 93,154	\$ 3,357	\$ 89,797
Educ Adv- Cardonex	1.55%	71,751	-	-	71,751	24,375	47,376
Skyward	0%	173,753	-	-	173,753	85,326	88,427
CDW-Go Guardian	0%	78,750	-	-	78,750	37,650	41,100
Reg 7 ESC-TEKS Resource	1.55%	53,401	421	-	53,401	26,764	26,637
SHI-Microsoft 365	0%	67,110	-	-	67,110	33,555	33,555
Total			<u>\$ 421</u>	<u>\$ -</u>	<u>\$ 537,919</u>	<u>\$ 211,027</u>	<u>\$ 326,892</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of August 31, 2023 were as follows:

<u>Year Ending August 31,</u>	SBITA Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 244,632	\$ 1,256	\$ 245,888
2025	54,510	1,230	55,740
2026	27,750	384	28,134
Totals	<u>\$ 326,892</u>	<u>\$ 2,870</u>	<u>\$ 329,762</u>

#### G. DEFINED BENEFIT PENSION PLAN

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

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

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

**Benefits Provided** – TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula

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

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

**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 thru 2025. *Contribution Rates can be found in the TRS 2022 ACFR, Note 11, on page 85.*

	Contribution Rates	
	2022	2023
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
District's FY 2023 Employer Contributions		\$ 1,268,804
District's FY 2023 Member Contributions		\$ 3,046,847
Measurement Year NECE On-behalf Contributions		\$ 2,073,750

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. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.

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- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025. The surcharge amount is 1.80% percent
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

**Actuarial Assumptions** - The total pension liability in the August 31, 2021 actuarial was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2022 TRS ACFR, Note 11, page 87.*

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 Rate	7.00%
Municipal Bond Rate as of August, 2022	3.91% - The source for the rate is the Fixed Income Market Data/ Yield Curve/ Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20-Year Municipal GO AA Index."
Last year ending August 31 in	
Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc Post Employment Benefit Changes	None

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

**Discount Rate** – A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2020 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2021 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation)



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are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 (see page 54 of the TRS ACFR) are summarized below:

Asset Class *	Target Allocation % **	Long-Term Expected Geometric Real Rate of Return ***	Expected Contributed to Long-Term Portfolio Returns
<b>Global Equity</b>			
USA	18.00%	4.60%	1.12%
Non-US Developed	13.00	4.90	0.90
Emerging Markets	9.00	5.40	0.75
Private Equity	14.00	7.70	1.55
<b>Stable Value</b>			
Government Bonds	16.00	1.00	0.22
Absolute Return	0.00	3.70	0.00
Stable Value Hedge Funds	5.00	3.40	0.18
<b>Real Return</b>			
Real Estate	15.00	4.10	0.94
Energy, Natural Resources, & Infrastructure	6.00	5.10	0.37
Commodities	0.00	3.60	0.00
<b>Risk Parity</b>	8.00	4.60	0.43
<b>Asset Allocation Leverage</b>			
Cash	2.00	3.00	0.01
Asset Allocation Leverage	(6.00)	3.60	(0.05)
Inflation Expectation			2.70
Volatility Drag ****			(0.91)
<b>Expected Return</b>	<b>100%</b>		<b>8.19%</b>

\* Absolute Return includes Credit Sensitive Investments.

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

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

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

**Discount Rate Sensitivity Analysis** – The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate. The discount rate can be found in the 2022 TRS ACFR, Note 11, page 87 and the Table of Sensitivities [Table 11.H.1] can be found on page 87.

	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:	\$ 19,101,978	\$ 12,279,328	\$ 6,749,249

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**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 \$12,279,328 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District’s Proportionate share of the collective net pension liability	\$ 12,279,328
State’s proportionate share that is associated with District	<u>26,383,496</u>
Total	<u>\$ 38,662,824</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 employer’s proportion of the net pension liability was based on the employer’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer’s proportion of the collective net pension liability was .0206836110% which was an increase of .0007132797% from its proportion measured as of August 31, 2021.

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

For the year ended August 31, 2023, the District recognized pension expense of \$4,054,089 and revenue of \$2,521,963 for support provided by the State in the Government-Wide Statement of Activities.

At August 31, 2023, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 178,049	\$ 267,713
Changes in actuarial assumptions	2,288,038	570,243
Difference between projected and actual investment earnings	1,213,159	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	916,613	345,082
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	1,268,804	-
Total	\$ 5,864,663	\$ 1,183,038

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

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Year ended August 31:	Pension Expense Amount
2024	\$ 844,834
2025	472,224
2026	291,477
2027	1,555,343
2028	248,944
Thereafter	(1)

**H. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN**

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

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

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

**Benefits Provided** – TRS-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 system. Optional dependent coverage is available for an additional fee.

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

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

TRS-Care Monthly Premium rates

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

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual 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 as reported for the district by TRS for the TRS measurement year. These were included in the calculation of the district's proportionate share of the Net TRS-Care liability.

	Contribution Rates	
	2022	2023
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 Measurement Year Employer Contributions		\$ 328,501
District's Measurement Year Member Contributions		\$ 247,557
District's Measurement Year NECE On-Behalf Contributions		\$ 352,263

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

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

**Actuarial Assumptions** – The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2022 TRS ACFR, Note 9, pages 76-77.*

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

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

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

Additional Actuarial Methods and Assumptions:

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

From 2022 TRS ACER, Note 9, page 77.

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

**Discount Rate** – A single discount rate of 3.91 percent was used to measure the Total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. *The Discount Rate can be found in the 2022 TRS ACFR on page 77.* Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB Liability:	\$ 9,926,108	\$ 8,418,525	\$ 7,197,189

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

**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 \$8,418,525 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 District were as follows:

District's Proportionate share of the collective Net OPEB liability	\$ 8,418,525
State's proportionate share that is associated with the District	<u>10,269,277</u>
Total	<u>\$ 18,687,802</u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022. At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was .0351592166%, which is an increase of .0003075077% 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 Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase Healthcare Trend Rate
District's proportionate share of the Net OPEB Liability:	\$6,936,902	\$8,418,525	\$10,339,258

**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: *These can be found in the 2022 TRS ACFR on page 77.*

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

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

At August 31, 2023, 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: (The amounts shown below will be the cumulative layers for the current and prior years combined.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 468,040	\$ 7,013,387
Changes in actuarial assumptions	1,282,308	5,848,690
Difference between projected and actual investment earnings	25,076	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,118,235	1,384,880
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	328,501	-
Total	\$ 4,222,160	\$ 14,246,957

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

Year ended August 31:	OPEB Expense Amount
2024	\$ (2,035,071)
2025	(2,034,981)
2026	(1,677,979)
2027	(1,194,663)
2028	(1,240,111)
Thereafter	(2,170,493)

For the year ended August 31, 2023, District recognized OPEB expense of \$(2,533,431) and revenue of \$(1,457,293) for support provided by the State.

**I. HEALTH CARE & MEDICARE PART D COVERAGE - ACTIVE EMPLOYEES**

**Plan Description** The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Blue Cross Blue Shield of Texas and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

**Medicare Part D** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2023, 2022, and 2021 the subsidy payments received by TRS-Care on-behalf of the District were \$205,606, \$137,593, and \$143,350 respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.



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

**J. WORKERS' COMPENSATION**

The District joined together with other districts in the East Texas area to form the Texas Educational Insurance Association, a public entity risk pool currently operating a workers' compensation risk management and insurance program for various member school districts. During the 2022-23 school year, the District paid a fixed cost in the amount of \$57,771 for administration of claims, loss control, recordkeeping, and the cost of stop-loss insurance.

Total workers' compensation claims and loss funding sharing payments were \$188,014 for the year. The District may be required to pay and retains the risk of loss for workers' compensation claims up to its loss fund maximum. When and if schools in the Association exceed their loss fund maximum, the District will be required to pay a percentage share of the excess. A reconciliation of claims activity for the past two fiscal years is provided below:

		Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
Year ended August 31, 2023	\$	189,191	\$ 188,014	\$ (196,408)	\$ 180,797
Year ended August 31, 2022		237,738	52,757	(101,304)	189,191

**K. UNAVAILABLE/UNEARNED REVENUE**

Unavailable revenue at year end consisted of the following:

	General Fund	Debt Service Fund
Unavailable Revenue – Property Taxes	\$ 1,022,347	\$ 237,751
Total Unavailable Revenue	\$ 1,022,347	\$ 237,751

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Funds
Tuition from Transfer Students	\$ 101,470	\$ -
Texas Education Agency	-	96,393
Tickets for Athletic Activity	44,861	
Unearned School Nutrition	-	86,992
Other	2,150	-
Total Unearned Revenue	\$ 148,481	\$ 183,385



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

**L. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2023, are summarized below. There were no amounts due from federal grants as of August 31, 2023.

<u>Fund</u>	<u>Other</u>	<u>State Entitlements</u>	<u>Total</u>
General Fund	\$ 29,559	\$ 65,921,311	\$ 65,950,870
Other Funds	<u>4,431</u>	<u>4,939,680</u>	<u>4,944,111</u>
Total	<u>\$ 33,990</u>	<u>\$ 70,860,991</u>	<u>\$ 70,894,981</u>

**M. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources as shown on the governmental activities financials consisted of the following:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 27,343,662	\$ 3,583,100	\$ -	\$ 30,926,762
Food Sales	-	551,398	-	551,398
Investment Income	4,013,689	150,746	302,295	4,466,730
Penalties, Interest and Other Tax Related Income	288,527	-	-	288,527
Campus Activity	-	295,237	-	295,237
Athletics	227,502	-	-	227,502
Virtual School	13,024,406	-	-	13,024,406
Other	246,938	749,263	-	996,201
	<u>\$ 45,144,724</u>	<u>\$ 5,329,744</u>	<u>\$ 302,295</u>	<u>\$ 50,776,763</u>

**N. LITIGATION AND CONTINGENCIES**

There are various claims filed against the District. The District believes that any liability that may ultimately result from the resolution of these matters will not have a material effect on the financial condition or results of operations of the District.

The District participates in numerous state and federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2023 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 combined financial statements for such contingencies.

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

**O. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2023, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**P. EXTRAORDINARY ITEM**

The extraordinary item of \$185,540 is insurance proceeds received from claims related to two separate inclement weather events; \$111,329 received for damages to district facilities and food spoilage, caused by inclement weather and prolonged power outages in June 2023; and \$74,211 received for final claim proceeds for damages to district facilities, caused by inclement weather in the February 2021 winter storm.

## REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 42,200,635	\$ 42,245,248	\$ 45,144,724	\$ 2,899,476
5800 State Program Revenues	170,076,890	170,076,890	163,528,233	(6,548,657)
5900 Federal Program Revenues	514,900	514,900	696,984	182,084
5020 Total Revenues	212,792,425	212,837,038	209,369,941	(3,467,097)
EXPENDITURES:				
Current:				
0011 Instruction	187,590,958	187,450,240	177,551,616	9,898,624
0012 Instructional Resources and Media Services	777,165	777,165	674,361	102,804
0013 Curriculum and Instructional Staff Development	193,150	193,150	146,420	46,730
0021 Instructional Leadership	1,599,835	1,629,835	1,606,859	22,976
0023 School Leadership	3,230,171	3,195,171	3,176,828	18,343
0031 Guidance, Counseling, and Evaluation Services	1,155,842	1,185,842	1,061,147	124,695
0032 Social Work Services	100,138	100,138	86,430	13,708
0033 Health Services	717,813	717,813	683,615	34,198
0034 Student (Pupil) Transportation	2,284,915	2,392,914	2,256,703	136,211
0035 Food Services	5,000	5,518	5,518	-
0036 Extracurricular Activities	1,529,079	1,650,825	1,580,015	70,810
0041 General Administration	3,316,677	3,466,677	2,989,014	477,663
0051 Facilities Maintenance and Operations	7,408,199	9,258,280	8,008,118	1,250,162
0052 Security and Monitoring Services	910,660	1,050,660	1,007,163	43,497
0053 Data Processing Services	905,905	1,258,905	1,124,123	134,782
0061 Community Services	1,910	1,910	-	1,910
Debt Service:				
0071 Principal on Long-Term Liabilities	448,000	1,094,601	491,962	602,639
0072 Interest on Long-Term Liabilities	-	28,810	28,810	-
0073 Bond Issuance Cost and Fees	2,000	11,588	10,088	1,500
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,500,000	-	-	-
Intergovernmental:				
0099 Other Intergovernmental Charges	564,000	564,000	563,957	43
6030 Total Expenditures	214,241,417	216,034,042	203,052,747	12,981,295
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,448,992)	(3,197,004)	6,317,194	9,514,198
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	77,931	77,931	-
7913 Proceeds of Right-to-Use Lease	1,500,000	1,500,000	1,191,387	(308,613)
7914 Non-Current Loans	-	1,670,081	1,244,541	(425,540)
7949 Proceeds of SBITAs and Other Resources	-	-	484,518	484,518
7080 Total Other Financing Sources (Uses)	1,500,000	3,248,012	2,998,377	(249,635)
EXTRAORDINARY ITEMS:				
7919 Extraordinary Item - Resource	-	-	110,911	110,911
1200 Net Change in Fund Balances	51,008	51,008	9,426,482	9,375,474
0100 Fund Balance - September 1 (Beginning)	33,750,687	33,750,687	33,750,687	-
3000 Fund Balance - August 31 (Ending)	\$ 33,801,695	\$ 33,801,695	\$ 43,177,169	\$ 9,375,474

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.020683611%	0.019970331%	0.018929661%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 12,279,328	\$ 5,085,737	\$ 10,138,340
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	26,383,496	12,113,793	25,134,520
Total	<u>\$ 38,662,824</u>	<u>\$ 17,199,530</u>	<u>\$ 35,272,860</u>
District's Covered Payroll	\$ 32,769,758	\$ 31,900,420	\$ 30,564,777
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	37.47%	15.94%	33.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.017598337%	0.0193453%	0.0204799%	0.0198844%	0.020431%	0.0089279%
\$ 9,148,166	\$ 10,648,103	\$ 6,548,363	\$ 7,514,046	\$ 7,222,087	\$ 2,384,766
23,944,545	25,892,006	15,969,935	19,851,808	19,225,141	15,748,323
\$ 33,092,711	\$ 36,540,109	\$ 22,518,298	\$ 27,365,854	\$ 26,447,228	\$ 18,133,089
\$ 27,850,783	\$ 27,638,153	\$ 27,834,688	\$ 27,932,831	\$ 27,057,260	\$ 24,972,750
32.85%	38.53%	23.53%	26.90%	26.69%	9.55%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

HALLSVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2023

	2023	2022	2021
Contractually Required Contribution	\$ 1,268,804	\$ 964,708	\$ 823,001
Contribution in Relation to the Contractually Required Contribution	(1,268,804)	(964,708)	(823,001)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 38,078,626	\$ 32,769,758	\$ 31,900,420
Contributions as a Percentage of Covered Payroll	3.33%	2.94%	2.58%

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

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



2020	2019	2018	2017	2016	2015
\$ 755,335	\$ 617,499	\$ 641,146	\$ 632,354	\$ 631,695	\$ 597,887
(755,335)	(617,499)	(641,146)	(632,354)	(631,695)	(597,887)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 30,564,777	\$ 27,850,783	\$ 27,638,153	\$ 27,834,688	\$ 27,932,831	\$ 27,057,260
2.47%	2.22%	2.32%	2.27%	2.26%	2.21%

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.035159217%	0.034851709%	0.033253127%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 8,418,525	\$ 13,443,862	\$ 12,641,015
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	10,269,277	18,011,778	16,986,494
Total	<u>\$ 18,687,802</u>	<u>\$ 31,455,640</u>	<u>\$ 29,627,509</u>
District's Covered Payroll	\$ 32,769,758	\$ 31,900,420	\$ 30,564,777
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	25.69%	42.14%	41.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

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

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

FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
0.030434401%		0.033160637%		0.034754301%	
\$	14,392,800	\$	16,557,410	\$	15,113,342
19,124,813		23,869,858		21,838,769	
\$	33,517,613	\$	40,427,268	\$	36,952,111
\$	27,850,783	\$	27,638,153	\$	27,834,688
51.68%		59.91%		54.30%	
2.66%		1.57%		0.91%	

HALLSVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2023

	2023	2022	2021
Contractually Required Contribution	\$ 328,501	\$ 288,665	\$ 260,711
Contribution in Relation to the Contractually Required Contribution	(328,501)	(288,665)	(260,711)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 38,078,626	\$ 32,769,758	\$ 31,900,420
Contributions as a Percentage of Covered Payroll	0.86%	0.88%	0.82%

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

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

2020			2019		
			2018		
\$	241,419	\$	217,856	\$	229,746
	(241,419)		(217,856)		(229,746)
\$	-	\$	-	\$	-
\$	30,564,777	\$	27,850,783	\$	27,638,153
	0.79%		0.78%		0.83%

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COMBINING STATEMENTS  
AS SUPPLEMENTARY INFORMATION

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 1,662,884
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	1,241,439	12,934	1,173	102,148
1260	Due from Other Funds	-	66,101	1,072	-
1290	Other Receivables	-	-	-	54,696
1300	Inventories	-	-	-	11,385
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 1,241,439</u>	<u>\$ 79,035</u>	<u>\$ 2,245</u>	<u>\$ 1,831,113</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 542,271	\$ 8,397	\$ -	\$ 259,647
2150	Payroll Deductions and Withholdings Payable	6,672	10,706	125	1,296
2160	Accrued Wages Payable	106,551	59,932	2,120	11,613
2170	Due to Other Funds	585,945	-	-	-
2300	Unearned Revenue	-	-	-	86,992
2000	Total Liabilities	<u>1,241,439</u>	<u>79,035</u>	<u>2,245</u>	<u>359,548</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	1,471,565
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,471,565</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,241,439</u>	<u>\$ 79,035</u>	<u>\$ 2,245</u>	<u>\$ 1,831,113</u>



244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	266 ESSER 1 - Emergency Sch Relief Fund	279 ESSER III TCLAS ARP Act	280 ESSER III Homeless Children	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
154	115,226	8,093	-	-	1,036	256,055	141,605
509	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,787	-	-	-	-	-	-
<u>\$ 663</u>	<u>\$ 124,013</u>	<u>\$ 8,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,036</u>	<u>\$ 256,055</u>	<u>\$ 141,605</u>
\$ -	\$ 15,908	\$ 598	\$ -	\$ -	\$ -	\$ 48,667	\$ 21,151
-	-	-	-	-	-	-	990
-	-	-	-	-	-	-	-
663	108,105	7,495	-	-	1,036	207,388	119,464
-	-	-	-	-	-	-	-
<u>663</u>	<u>124,013</u>	<u>8,093</u>	<u>-</u>	<u>-</u>	<u>1,036</u>	<u>256,055</u>	<u>141,605</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 663</u>	<u>\$ 124,013</u>	<u>\$ 8,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,036</u>	<u>\$ 256,055</u>	<u>\$ 141,605</u>

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

Data Control Codes		283 ESSER-SUPP	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	288 Title IV, Part A, SSAEP
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	1,242,281	555,329	9,401	50,419
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Prepayments	-	-	-	-
1000	Total Assets	<u>\$ 1,242,281</u>	<u>\$ 555,329</u>	<u>\$ 9,401</u>	<u>\$ 50,419</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 343,030	\$ -	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	-	-	-	1,498
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	899,251	555,329	9,401	48,921
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>1,242,281</u>	<u>555,329</u>	<u>9,401</u>	<u>50,419</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,242,281</u>	<u>\$ 555,329</u>	<u>\$ 9,401</u>	<u>\$ 50,419</u>

289 Other Federal Special Revenue Funds	410 State Instructional Materials	427 Silent Panic Alert Technology	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 777,516	\$ 2,440,400	\$ 1,568,316	\$ 4,008,716
-	-	-	-	-	-	245,888	245,888
-	-	-	-	-	-	(8,137)	(8,137)
-	46,208	-	253,292	-	4,036,793	907,318	4,944,111
-	50,262	-	-	-	117,944	-	117,944
-	-	-	-	-	54,696	-	54,696
-	-	-	-	-	11,385	-	11,385
-	-	-	-	-	8,787	-	8,787
<u>\$ -</u>	<u>\$ 96,470</u>	<u>\$ -</u>	<u>\$ 253,292</u>	<u>\$ 777,516</u>	<u>\$ 6,670,005</u>	<u>\$ 2,713,385</u>	<u>\$ 9,383,390</u>
\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1,239,670	\$ -	\$ 1,239,670
-	77	-	-	-	21,364	-	21,364
-	-	-	-	-	180,216	-	180,216
-	-	-	253,292	-	2,796,290	32,229	2,828,519
-	96,393	-	-	-	183,385	-	183,385
<u>-</u>	<u>96,470</u>	<u>-</u>	<u>253,292</u>	<u>1</u>	<u>4,420,925</u>	<u>32,229</u>	<u>4,453,154</u>
-	-	-	-	-	-	237,751	237,751
-	-	-	-	-	-	237,751	237,751
-	-	-	-	-	1,471,565	-	1,471,565
-	-	-	-	-	-	2,443,405	2,443,405
-	-	-	-	777,515	777,515	-	777,515
-	-	-	-	777,515	2,249,080	2,443,405	4,692,485
<u>\$ -</u>	<u>\$ 96,470</u>	<u>\$ -</u>	<u>\$ 253,292</u>	<u>\$ 777,516</u>	<u>\$ 6,670,005</u>	<u>\$ 2,713,385</u>	<u>\$ 9,383,390</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 551,398
5800 State Program Revenues	-	-	-	12,040
5900 Federal Program Revenues	2,551,161	1,243,126	15,391	1,970,770
5020 Total Revenues	2,551,161	1,243,126	15,391	2,534,208
EXPENDITURES:				
Current:				
0011 Instruction	2,302,630	509,185	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	116,081	33,714	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	66,610	700,227	15,391	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	2,939,797
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	13,076	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	52,764	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	2,551,161	1,243,126	15,391	2,939,797
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(405,589)
OTHER FINANCING SOURCES (USES):				
7949 Proceeds of SBITAs and Other Resources	-	-	-	-
EXTRAORDINARY ITEMS:				
7919 Extraordinary Item - Resource	-	-	-	74,629
1200 Net Change in Fund Balance	-	-	-	(330,960)
0100 Fund Balance - September 1 (Beginning)	-	-	-	1,802,525
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 1,471,565

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER 1 - Emergency Sch Relief Fund	279 ESSER III TCLAS ARP Act	280 ESSER III Homeless Children	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
244,454	350,912	64,950	704	12,034	1,036	2,506,675	765,547
244,454	350,912	64,950	704	12,034	1,036	2,506,675	765,547
242,663	-	62,265	704	-	1,036	1,411,219	517,221
-	-	-	-	-	-	53,642	-
1,791	350,912	-	-	12,034	-	47,665	3,210
-	-	-	-	-	-	36,522	-
-	-	-	-	-	-	113,808	4,971
-	-	-	-	-	-	73,044	-
-	-	-	-	-	-	3,000	-
-	-	-	-	-	-	33,478	56
-	-	-	-	-	-	82,088	27,989
-	-	-	-	-	-	15,218	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	131,722	9,267
-	-	-	-	-	-	452,343	197,680
-	-	-	-	-	-	24,348	5,153
-	-	-	-	-	-	28,578	-
-	-	2,685	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
244,454	350,912	64,950	704	12,034	1,036	2,506,675	765,547
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	283 ESSER-SUPP	284 IDEA B Formula ARP Act	285 IDEA B Preschool ARP Act	288 Title IV, Part A, SSAEP
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	9,000,403	555,329	9,401	111,850
5020 Total Revenues	9,000,403	555,329	9,401	111,850
EXPENDITURES:				
Current:				
0011 Instruction	6,723,799	289,622	-	16,668
0012 Instructional Resources and Media Services	546,788	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	12,208
0021 Instructional Leadership	74,760	16,022	-	-
0023 School Leadership	154,825	-	-	-
0031 Guidance, Counseling, and Evaluation Services	70,000	249,685	9,401	62,055
0032 Social Work Services	-	-	-	-
0033 Health Services	36,522	-	-	-
0034 Student (Pupil) Transportation	565,544	-	-	-
0035 Food Services	15,218	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	132,757	-	-	-
0051 Facilities Maintenance and Operations	613,232	-	-	-
0052 Security and Monitoring Services	39,566	-	-	20,919
0053 Data Processing Services	27,392	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
6030 Total Expenditures	9,000,403	555,329	9,401	111,850
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7949 Proceeds of SBITAs and Other Resources	-	-	-	-
EXTRAORDINARY ITEMS:				
7919 Extraordinary Item - Resource	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

289 Other Federal Special Revenue Funds	410 State Instructional Materials	427 Silent Panic Alert Technology	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,061,786	\$ 1,613,184	\$ 3,716,560	\$ 5,329,744
-	134,201	-	526,765	-	673,006	5,137,191	5,810,197
1,439	-	-	-	-	19,405,182	-	19,405,182
1,439	134,201	-	526,765	1,061,786	21,691,372	8,853,751	30,545,123
1,439	160,416	-	-	246,356	12,485,223	-	12,485,223
-	-	-	-	33,950	634,380	-	634,380
-	-	-	1,144	-	428,964	-	428,964
-	-	-	-	33,944	311,043	-	311,043
-	-	-	-	2,414	276,018	-	276,018
-	-	-	-	-	1,246,413	-	1,246,413
-	-	-	-	-	3,000	-	3,000
-	-	-	-	-	70,056	-	70,056
-	-	-	-	-	675,621	-	675,621
-	-	-	-	-	2,970,233	-	2,970,233
-	-	-	-	633,722	633,722	-	633,722
-	-	-	-	-	273,746	-	273,746
-	-	-	273,473	-	1,536,728	-	1,536,728
-	-	-	252,148	-	355,210	-	355,210
-	-	-	-	-	55,970	-	55,970
-	-	-	-	-	55,449	-	55,449
-	26,765	-	-	-	26,765	7,900,000	7,926,765
-	421	-	-	-	421	3,958,231	3,958,652
-	-	-	-	-	-	19,769	19,769
1,439	187,602	-	526,765	950,386	22,038,962	11,878,000	33,916,962
-	(53,401)	-	-	111,400	(347,590)	(3,024,249)	(3,371,839)
-	53,401	-	-	-	53,401	-	53,401
-	-	-	-	-	74,629	-	74,629
-	-	-	-	111,400	(219,560)	(3,024,249)	(3,243,809)
-	-	-	-	666,115	2,468,640	5,467,654	7,936,294
\$ -	\$ -	\$ -	\$ -	\$ 777,515	\$ 2,249,080	\$ 2,443,405	\$ 4,692,485

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## T.E.A. REQUIRED SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.040000	0.343000	2,386,180,356
2016	1.040000	0.330000	2,415,217,007
2017	1.040000	0.330000	2,414,245,444
2018	1.040000	0.330000	2,501,858,263
2019	1.040000	0.330000	2,580,996,080
2020	0.970000	0.330000	2,703,888,336
2021	0.966400	0.284000	2,729,647,672
2022	0.961000	0.249000	2,798,087,552
2023 (School year under audit)	0.891400	0.115000	3,098,205,655
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
\$ 198,826	\$ -	\$ 6,118	\$ 1,698	\$ (22,933)	\$ 168,077
47,424	-	2,169	715	(1,912)	42,628
60,834	-	5,026	1,595	(1,826)	52,387
59,754	-	6,042	1,917	(1,839)	49,956
65,584	-	8,669	2,751	(1,838)	52,326
82,953	-	46,613	14,791	41,146	62,695
119,251	-	44,331	15,082	24,969	84,807
182,654	-	55,675	16,361	10,051	120,669
457,586	-	177,556	46,006	(9,702)	224,322
-	30,995,261	26,991,463	3,482,184	(82,085)	439,529
<u>\$ 1,274,866</u>	<u>\$ 30,995,261</u>	<u>\$ 27,343,662</u>	<u>\$ 3,583,100</u>	<u>\$ (45,969)</u>	<u>\$ 1,297,396</u>
		<u>\$ 4,872</u>			

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 700,000	\$ 700,000	\$ 551,398	\$ (148,602)
5800	State Program Revenues	10,000	10,000	12,040	2,040
5900	Federal Program Revenues	1,400,000	1,525,000	1,970,770	445,770
5020	Total Revenues	2,110,000	2,235,000	2,534,208	299,208
EXPENDITURES:					
Current:					
0035	Food Services	2,608,285	2,953,285	2,939,797	13,488
6030	Total Expenditures	2,608,285	2,953,285	2,939,797	13,488
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(498,285)	(718,285)	(405,589)	312,696
EXTRAORDINARY ITEMS:					
7919	Extraordinary Item - Resource	-	-	74,629	74,629
1200	Net Change in Fund Balances	(498,285)	(718,285)	(330,960)	387,325
0100	Fund Balance - September 1 (Beginning)	1,802,525	1,802,525	1,802,525	-
3000	Fund Balance - August 31 (Ending)	\$ 1,304,240	\$ 1,084,240	\$ 1,471,565	\$ 387,325

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,601,678	\$ 3,601,678	\$ 3,716,560	\$ 114,882
5800 State Program Revenues	4,922,732	4,922,732	5,137,191	214,459
5020 Total Revenues	8,524,410	8,524,410	8,853,751	329,341
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	8,457,802	8,037,251	7,900,000	137,251
0072 Interest on Long-Term Liabilities	3,537,680	3,958,231	3,958,231	-
0073 Bond Issuance Cost and Fees	48,539	48,539	19,769	28,770
6030 Total Expenditures	12,044,021	12,044,021	11,878,000	166,021
1200 Net Change in Fund Balances	(3,519,611)	(3,519,611)	(3,024,249)	495,362
0100 Fund Balance - September 1 (Beginning)	5,467,654	5,467,654	5,467,654	-
3000 Fund Balance - August 31 (Ending)	\$ 1,948,043	\$ 1,948,043	\$ 2,443,405	\$ 495,362

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

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**Section A: Compensatory Education Programs**

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$16,333,002
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$12,245,051

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**Section B: Bilingual Education Programs**

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$865,030
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$2,886,575

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## FEDERAL AWARDS SECTION



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

Board of Trustees  
Hallsville Independent School District  
PO Box 810  
Hallsville, Texas 75650

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hallsville Independent School District as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 22, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

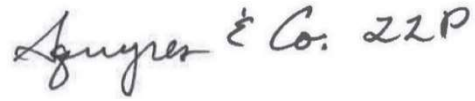
**Report on Compliance and Other Matters**

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



**Purpose of This Report**

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

A handwritten signature in black ink that reads "Aguiar & Co. LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants

Tyler, Texas  
January 22, 2024



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

Board of Trustees  
Hallsville Independent School District  
PO Box 810  
Hallsville, Texas 75650

### **Opinion on Compliance for Each Major Federal Program**

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

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

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

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hallsville Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hallsville Independent School District's compliance with the requirements of each major federal program as a whole.

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

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

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

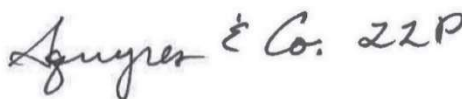
#### **Report on Internal Control over Compliance**

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

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

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

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



Certified Public Accountants

Tyler, Texas  
January 22, 2024

HALLSVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2023

**Section I—Summary of Auditor's Results**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

*Federal Awards*

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ? \_\_\_\_\_ yes   X   no

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s):</u>
---	------------------------

Special Education Cluster:	
IDEA - Part B, Formula	#84.027A and X
IDEA - Part B, Preschool	#84.173A and X

Education Stabilization Fund	
COVID 19 – CRRSA ESSER I	#84.425D
COVID 19 – CRRSA ESSER II	#84.425D
COVID 19 – TCLAS ESSER III	#84.425U
COVID 19 – ARP ESSER III	#84.425U
COVID 19 – ARP Supplemental	#84.425U
COVID 19 – ARP Homeless II	#84.425W

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

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

**Section II—Financial Statement Findings**

There are no findings to report.

**Section III—Federal Award Findings and Questioned Costs**

None

HALLSVILLE INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2023

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p>Finding 2022-001: <u>Condition</u> The District did not meet the minimum requirement of spending 10% of the total Bilingual Education allotment funds to fund the comprehensive professional development plan required relating to Bilingual/ESL Professional in accordance with 19 TAC 89.1207(b)(1)(D).</p>	<p>District is compliant for fiscal year-end 2022-2023</p>	
<p>Finding 2022-002: <u>Condition</u> The District did not spend 100% of the dyslexia allotment on dyslexia service</p>	<p>District is compliant for fiscal year-end 2022-2023</p>	

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

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education:</u>			
Title I Grants to Local Educational Agencies			
ESEA Title I Part A - Improving Basic Programs	84.010A	23610101102904	\$ 2,551,161
Total CFDA Number 84.010A			<u>2,551,161</u>
Special Education Grants to States			
*LEA IDEA-B Formula	84.027A	236600011029046600	1,243,126
*COVID-19 - IDEA-B Formula-ARP	84.027X	225350021029045350	555,329
Total CFDA Number 84.027			<u>1,798,455</u>
Special Education Preschool Grants			
*LEA IDEA-B Preschool	84.173A	236610011029046610	15,391
*COVID-19 - IDEA-B Preschool-ARP	84.173X	225360021029045360	9,401
Total CFDA Number 84.173			<u>24,792</u>
Total Special Education Cluster (IDEA)			<u>1,823,247</u>
Career and Technical Education - Basic Grants to States			
Perkins V Strengthening	84.048A	23420006102904	244,454
Total CFDA Number 84.048A			<u>244,454</u>
English Language Acquisition State Grants			
ESEA, Title III, Part A - English Language Acquisition	84.365A	23671001102904	62,122
ESEA, Title III, Part A - Immigrant	84.365A	23671003102904	2,828
Total CFDA Number 84.365A			<u>64,950</u>
Supporting Effective Instruction State Grants			
ESEA, Title II, Part A - Teacher Principal Training	84.367A	23694501102904	350,912
Total CFDA Number 84.367A			<u>350,912</u>
Grants for State Assessments amd Related Activities			
Summer School LEP	84.369A	69551702	1,439
Total CFDA Number 84.369A			<u>1,439</u>
Student Support and Academic Enrichment Program			
ESEA, Title IV, Part A, Subpart 1	84.424A	23680101102904	111,850
Total CFDA Number 84.424A			<u>111,850</u>
Education Stabilization Fund			
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	20521001102904	704
COVID 19 - Elementary and Secondary School Emergency Relief (CRRSA ESSER II) Fund	84.425D	21521001102904	2,506,675
COVID 19 - Texas COVID Learning Acceleration Supports - Elementary and Secondary School Emergency Relief (TCLAS ESSER III)	84.425U	21528042102904	12,034
COVID 19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER III)	84.425U	21528001102904	765,547
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER Supplemental)	84.425U	21528043102904	9,000,403
COVID 19 - American Rescue Plan – Homeless II	84.425W	21533002102904	1,036
Total CFDA Number 84.425			<u>12,286,399</u>
Total Passed Through State Department of Education			<u>17,434,412</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><b>17,434,412</b></u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Education</u>			
*School Breakfast Program	10.553	00536	\$ 342,189
Total CFDA Number 10.553			<u>342,189</u>
*National School Lunch Program	10.555	00536	1,174,175
Total Passed Through State Department of Education			<u>1,516,364</u>
<u>Passed Through the State Department of Agriculture</u>			
*National School Lunch Program (Non-cash)	10.555	00536	319,561
Total Passed Through State Department of Agriculture			<u>319,561</u>
**USDA Commodity Delivery Fee Reimbursement	10.555	00536	15,391
**USDA Storage Fee Reimbursement	10.555	00536	630
**USDA P-EBT Reimbursement	10.555	00536	3,135
**USDA Supply Chain Assistance Grant	10.555	00536	115,689
Total CFDA Number 10.555			<u>1,628,581</u>
Total Child Nutrition Cluster			<u>1,970,770</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>1,970,770</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 19,405,182</u></u>

\*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

HALLSVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2023

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. The District must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and District) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or passthrough entity may approve extensions when requested and justified by the non-Federal entity, as applicable. (2 CFR 200.344(a)).

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.(2 CFR 200.344(b))

4. Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
5. Federal revenues in the accompanying financial statements include federal source revenues which are not considered federal assistance for purposes of the Schedule of Expenditures of Federal Awards. A reconciliation follows:

Total Federal Expenditures, Exhibit K-1	\$ 19,405,182
Other Federal Revenues:	
Federal E-Rate Revenue	39,900
School Health and Related Services (SHARS)	657,084
Total Federal Revenues, Exhibit C-3	<u>\$ 20,102,166</u>

6. Nonmonetary assistance is reported in the schedule at fair market value of commodities received and disbursed. At August 31, 2023, the District had food commodities totaling \$11,385 in inventory.