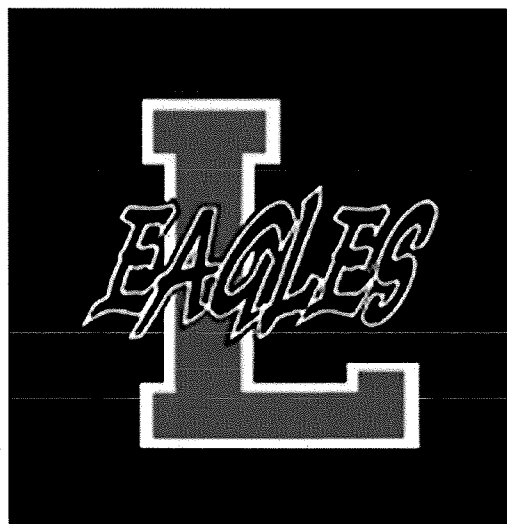


**LINDALE
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
AUGUST 31, 2023**



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

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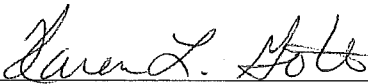
CERTIFICATE OF BOARD

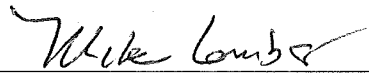
Lindale Independent School District
Name of School District

Smith
County

212-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2023 at a meeting of the Board of Trustees of such school district on the 8th of January 2024.


Signature of Board Secretary


Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are):
(attach list as necessary)



**UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER
SUPPLEMENTARY INFORMATION INCLUDING THE SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Independent Auditors' Report

Board of Trustees
Lindale Independent School District
505 Pierce Street
Lindale, TX 75771

Members of the Board:

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lindale 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Lindale Independent School District as of August 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise a 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary comparison information on page 53, schedule of the District's proportionate share of the net pension liability (TRS) on pages 54-55, schedule of District contributions to TRS on pages 56-57, schedule of the District's proportionate share of the OPEB liability (TRS) on pages 58-59, and schedule of District contributions to TRS OPEB plan on pages 60-61 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 Lindale Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

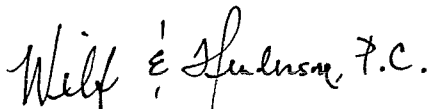
Other Information

Management is responsible for the other information included in the annual report. The other information comprises of reports required from Texas Education Agency identified in the Table of Contents as J-1 through J-4, and L-1. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2024, on our consideration of the Lindale Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lindale Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lindale Independent School District's internal control over financial reporting and compliance.



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

January 2, 2024

LINDALE INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

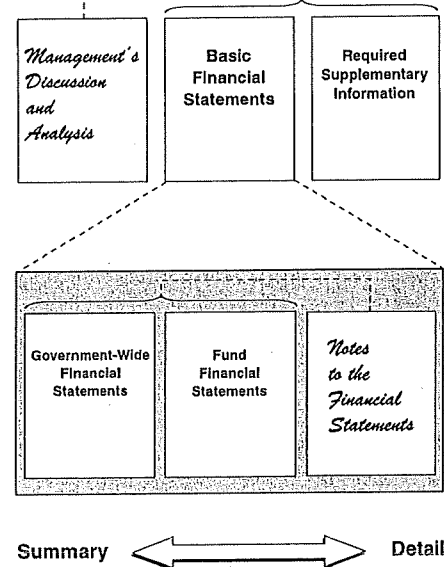
- The District's total combined net position was \$35,947,694 at August 31, 2023.
- During the year, the District's total General Fund balance increased by \$2,161,765.
- The District's M&O tax rate increased to \$0.9346 and I&S rate decreased to \$0.2350. A net total tax reduction of \$0.0224.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, notes to those statements, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the government, reporting the District's operations in more detail than the Government-Wide Statements.
 - The Governmental Fund Statements tell how general government services were financed in the short term as well as what remains for future spending.
 - Proprietary Fund Statements offer financial information about the internal service fund used to report activities that provide services to organizations within the District.
 - Fiduciary Fund Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Figure A-1. Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 (below) summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**FIGURE A-2
MAJOR FEATURES OF THE DISTRICT'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

<i>Type of Statement</i>	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District's government (except fiduciary funds) and the District's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses: self-insurance	Instances in which the District is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of flow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net Position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

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

The District has three types of funds:

- **Governmental funds**—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-Wide Statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- **Proprietary funds**—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
 - We use internal service funds to report activities that provide supplies and services for the District's other programs and activities—such as the District's Workers Compensation Fund.
- **Fiduciary funds**—The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Table I
Lindale Independent School District
NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Total \$ Change	Total % Change
Current and other assets	\$ 27,101,611	\$ 23,960,202	\$ 3,141,409	13.11%
Capital assets	103,253,146	103,303,437	(50,291)	-0.05%
Total assets	<u>130,354,757</u>	<u>127,263,639</u>	<u>3,091,118</u>	<u>2.43%</u>
Deferred outflows of resources	<u>13,393,493</u>	<u>9,314,810</u>	<u>4,078,683</u>	<u>43.79%</u>
Other liabilities	3,560,055	4,147,008	(586,953)	-14.15%
Long-term liabilities outstanding	68,966,951	71,436,946	(2,469,995)	-3.46%
TRS net pension liability	13,421,933	4,924,781	8,497,152	172.54%
TRS net OPEB liability	8,183,965	12,100,369	(3,916,404)	-32.37%
Total liabilities	<u>94,132,904</u>	<u>92,609,104</u>	<u>1,523,800</u>	<u>1.65%</u>
Deferred inflows of resources	<u>13,667,652</u>	<u>13,974,575</u>	<u>(306,923)</u>	<u>-2.20%</u>
Net position:				
Net investment in capital assets & RTU assets	40,607,672	33,208,486	7,399,186	22.28%
Restricted	3,670,198	6,599,557	(2,929,359)	-44.39%
Unrestricted	(8,330,176)	(9,813,273)	1,483,097	15.11%
Total net position	<u>\$ 35,947,694</u>	<u>\$ 29,994,770</u>	<u>\$ 5,952,924</u>	<u>19.85%</u>

Changes in net position. As shown on the following table, the District's total revenues were \$59,027,491. A significant portion of the District's revenue comes from property taxes and state aid. The total cost of all programs and services was \$53,074,567.

Governmental Activities

- Revenues from governmental fund types totaled \$59,027,491, an increase of 7.07% over the preceding year.
- Property tax assessment increased by 12.44% to \$2,177,494,357 with a rate of \$0.9346 for maintenance and operation and a rate of \$0.2350 for interest and sinking.
- The cost of all governmental activities this year was \$53,074,567.
- The amount that our taxpayers paid for these activities through property taxes was \$25,128,934.
- Some of the cost was paid by those who directly benefited from the programs of \$1,019,368 or by operating grants and contributions of \$7,117,829.
- The increase in net position for the year 2023 was primarily the result of increases in property tax revenue, state funding, and investment income, as well as conservative spending.

Table II
Lindale Independent School District
CHANGES IN NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Total Change	Total % Change
Revenues:				
Program Revenues:				
Charges for services	\$ 1,019,368	\$ 362,730	\$ 656,638	181.03%
Operating grants and contributions	7,117,829	7,850,884	(733,055)	-9.34%
General Revenues:				
Property taxes levied for General Purposes	20,117,661	17,218,252	2,899,409	16.84%
Property taxes levied for Debt Service	5,011,273	5,434,468	(423,195)	-7.79%
State Aid - Formula Grants	23,672,011	23,332,372	339,639	1.46%
Investments earnings	993,173	127,142	866,031	681.15%
Other general revenues	939,238	796,475	142,763	17.92%
Special Item	156,938	10,000	146,938	1469.38%
Total Revenues	59,027,491	55,132,323	3,895,168	7.07%
Expenses:				
Instruction	28,909,834	26,092,624	2,817,210	10.80%
Instructional Resources and Media Services	487,519	447,381	40,138	8.97%
Curriculum and Staff Development	751,881	561,107	190,774	34.00%
Instructional and School Leadership	2,856,377	2,626,462	229,915	8.75%
Guidance, Counseling and Evaluation Services	2,191,661	2,002,808	188,853	9.43%
Social Work Services	967	11,213	(10,246)	-91.38%
Health Services	496,315	434,879	61,436	14.13%
Student (Pupil) Transportation	2,296,914	1,779,860	517,054	29.05%
Food Services	2,718,833	2,460,514	258,319	10.50%
Cocurricular/Extracurricular Activities	2,288,519	2,167,840	120,679	5.57%
General Administration	1,612,570	1,413,650	198,920	14.07%
Plant Maintenance and Operations	4,949,100	4,506,952	442,148	9.81%
Security and Monitoring Services	458,513	371,448	87,065	23.44%
Data Processing Services	253,259	216,909	36,350	16.76%
Community Service	25,233	9,740	15,493	159.07%
Debt Service	2,376,044	2,437,572	(61,528)	-2.52%
Payments to Fiscal Agents/Member Districts of SSA	75,608	62,838	12,770	20.32%
Payments to Juvenile Justice Alternative Ed. Prg.	2,594	2,604	(10)	-0.38%
Other Intergovernmental Charges	322,826	314,567	8,259	2.63%
Total Expenses	53,074,567	47,920,968	5,153,599	10.75%
Increase (Decrease) in Net Position	5,952,924	7,211,355	(1,258,431)	-17.45%
Net Position Beginning of Year	29,994,770	22,783,415	7,211,355	31.65%
Net Position End of Year	\$ 35,947,694	\$ 29,994,770	\$ 5,952,924	19.85%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Our analysis focuses on the net changes in fund balances (Table III) of the District's governmental funds.

**Table III
Lindale Independent School District
NET CHANGES IN FUND BALANCES**

	Governmental Funds 2023	Governmental Funds 2022	Total \$ Change	Total % Change
Revenues:				
Local and Intermediate Sources	\$ 27,967,189	\$ 23,929,773	\$ 4,037,416	16.87%
State Program Revenues	25,218,871	24,600,017	618,854	2.52%
Federal Program Revenues	7,176,079	9,163,804	(1,987,725)	-21.69%
Total Revenues	60,362,139	57,693,594	2,668,545	4.63%
Expenditures:				
Instruction	28,843,811	25,803,015	3,040,796	11.78%
Instructional resources & media services	462,922	438,543	24,379	5.56%
Curriculum and instructional staff development	715,561	564,261	151,300	26.81%
Instructional and school leadership	2,720,515	2,615,679	104,836	4.01%
Guidance, counseling & evaluation services	2,066,886	1,954,590	112,296	5.75%
Social work and health services	476,107	444,612	31,495	7.08%
Student (pupil) transportation	2,791,672	2,083,497	708,175	33.99%
Food services	2,526,676	2,301,023	225,653	9.81%
Extracurricular activities	2,125,679	2,117,194	8,485	0.40%
General administration	1,528,233	1,366,663	161,570	11.82%
Facilities maintenance & operations	6,357,481	6,291,819	65,662	1.04%
Security & monitoring services	746,223	375,221	371,002	98.88%
Data processing services	237,522	204,935	32,587	15.90%
Community service	24,384	8,901	15,483	173.95%
Debt service	6,100,984	5,416,901	684,083	12.63%
Facilities acquisition and construction	224,951	6,613,807	(6,388,856)	-96.60%
Payments to fiscal agent/member of SSA	75,608	62,838	12,770	20.32%
Payments to juvenile justice alternative ed. prg.	2,594	2,604	(10)	-0.38%
Other intergovernmental charges	322,826	314,567	8,259	2.63%
Total Expenditures	58,350,635	58,980,670	(630,035)	-1.07%
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	2,011,504	(1,287,076)	3,298,580	256.28%
Other Financing Sources (Uses)	1,657,291	10,000	1,647,291	16472.91%
Net Change in Fund Balances	3,668,795	(1,277,076)	4,945,871	387.28%
Fund Balance - Beginning of Year				
	18,427,211	19,704,287	(1,277,076)	-6.48%
Fund Balance - End of Year	\$ 22,096,006	\$ 18,427,211	\$ 3,668,795	19.91%

General Fund Budgetary Highlights

Over the course of the year, the District increased its budgeted expenditures several times. Increases to budget were primarily due to increase in student growth, lease purchase, and transfer to capital projects fund. The District's General Fund's budgeted to increase \$786,708 during the year ended August 31, 2023. The District came in \$1,375,057 over the amended budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the District had \$103,253,146 invested in a broad range of capital assets. This amount represents a net decrease of (\$50,291).

More detailed information about the District's capital asset activity is presented in Note G to the financial statements.

Long Term Debt

At year-end, the District had \$60,424,212 in bonds outstanding versus \$63,744,212 last year. The decrease is due to payments on bonds during the year.

More detailed information about the District's long-term liabilities is presented in Notes H and I to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Net taxable property values used for the 2023-2024 budget preparation increased 13.5% over the prior year values. The maintenance and operations tax rate decreased to \$0.7592 from \$0.9346 primarily due to state compression of the M&O tax rate. The interest and sinking tax rate decreased from \$0.235 to \$0.195 as a result of the increase in property values.
- The District's 2023-2024 refined average daily attendance is expected to increase 3% due to continual District area growth.
- The District voters approved a tax ratification election for the 2023-2024 school year of 6 cents. This generates approximately \$1.4 million in additional revenues to be expended on staff raises.

These indicators were taken into consideration when adopting the General Fund budget for 2023-2024. Amounts available for appropriation in the General Fund budget are \$48,246,133, an increase of \$2,780,513 (6%) from the final 2022-2023 budget. The increase is primarily due to additional staff for student growth and employee raises. State revenue will increase due to the compression of the local M&O tax rate. Total tax revenues will decrease due to the compression of total M&O tax rate. The largest expenditure increases will be for employee pay raises.

If these estimates are realized, the District's budgetary General Fund balance is expected to increase slightly at the close of 2023-2024. The Board of Trustees plans to maintain the fund balance at two to three months operating costs, as suggested by TEA. The majority of additional revenues over expenses anticipated in the General Fund will be transferred to the Capital Projects fund for future capital outlays of the district, including HVAC on 2 additional campuses.

A \$1,800,000 HVAC replacement at a District campus is planned from the Capital Projects Fund during 2023-2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate 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 Services Office at (903) 881-4000.

BASIC FINANCIAL STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 20,571,623
1220 Property Taxes - Delinquent	947,730
1230 Allowance for Uncollectible Taxes	(2,460)
1240 Due from Other Governments	5,381,781
1267 Due from Fiduciary Funds	68,026
1290 Other Receivables, Net	39,656
1300 Inventories	60,517
1410 Prepayments	34,738
Capital Assets:	
1510 Land	4,017,022
1520 Buildings and Improvements, Net	91,668,392
1530 Furniture and Equipment, Net	6,306,100
1550 Right-to-Use Leased Assets, Net	1,185,849
1580 Construction in Progress	75,783
1000 Total Assets	130,354,757
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	978,949
1705 Deferred Outflow Related to TRS Pension	7,180,182
1706 Deferred Outflow Related to TRS OPEB	5,234,362
1700 Total Deferred Outflows of Resources	13,393,493
LIABILITIES	
2110 Accounts Payable	338,242
2140 Accrued Interest Payable	96,449
2150 Payroll Deductions and Withholdings	816
2160 Accrued Wages Payable	2,869,478
2180 Due to Other Governments	23,259
2200 Accrued Expenses	76,863
2300 Unearned Revenue	154,948
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	3,453,441
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	65,513,510
2540 Net Pension Liability (District's Share)	13,421,933
2545 Net OPEB Liability (District's Share)	8,183,965
2000 Total Liabilities	94,132,904
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	1,163,943
2606 Deferred Inflow Related to TRS OPEB	12,503,709
2600 Total Deferred Inflows of Resources	13,667,652
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets	40,607,672
Restricted:	
3820 Restricted for Federal and State Programs	923,251
3850 Restricted for Debt Service	2,627,592
3890 Restricted for Other Purposes	119,355
3900 Unrestricted	(8,330,176)
3000 Total Net Position	\$ 35,947,694

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

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

Data Control Codes	1	Program Revenues		6
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 28,909,834	\$ 2,025	\$ 3,903,383	\$ (25,004,426)
12 Instructional Resources and Media Services	487,519	-	6,374	(481,145)
13 Curriculum and Instructional Staff Development	751,881	-	183,377	(568,504)
21 Instructional Leadership	580,952	-	8,837	(572,115)
23 School Leadership	2,275,425	-	116,334	(2,159,091)
31 Guidance, Counseling, and Evaluation Services	2,191,661	-	651,021	(1,540,640)
32 Social Work Services	967	-	-	(967)
33 Health Services	496,315	-	20,053	(476,262)
34 Student (Pupil) Transportation	2,296,914	-	49,300	(2,247,614)
35 Food Services	2,718,833	795,634	1,759,039	(164,160)
36 Extracurricular Activities	2,288,519	221,709	18,015	(2,048,795)
41 General Administration	1,612,570	-	17,111	(1,595,459)
51 Facilities Maintenance and Operations	4,949,100	-	42,622	(4,906,478)
52 Security and Monitoring Services	458,513	-	326,033	(132,480)
53 Data Processing Services	253,259	-	1,369	(251,890)
61 Community Services	25,233	-	14,961	(10,272)
72 Debt Service - Interest on Long-Term Debt	2,374,244	-	-	(2,374,244)
73 Debt Service - Bond Issuance Cost and Fees	1,800	-	-	(1,800)
93 Payments Related to Shared Services Arrangements	75,608	-	-	(75,608)
95 Payments to Juvenile Justice Alternative Ed. Prg.	2,594	-	-	(2,594)
99 Other Intergovernmental Charges	322,826	-	-	(322,826)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 53,074,567	\$ 1,019,368	\$ 7,117,829	(44,937,370)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	20,117,661
DT	Property Taxes, Levied for Debt Service	5,011,273
SF	State Aid - Formula Grants	23,672,011
IE	Investment Earnings	993,173
MI	Miscellaneous Local and Intermediate Revenue	939,238
S2	Gain on Disposal of Capital Assets	156,938
TR	Total General Revenues & Special Items	50,890,294
CN	Change in Net Position	5,952,924
NB	Net Position - Beginning	29,994,770
NE	Net Position - Ending	\$ 35,947,694

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 16,112,729	\$ 2,526,204	\$ 50,949
1220 Property Taxes - Delinquent	736,335	211,395	-
1230 Allowance for Uncollectible Taxes	(2,448)	(12)	-
1240 Due from Other Governments	4,481,394	9,803	-
1260 Due from Other Funds	780,171	210	5,307,440
1290 Other Receivables	-	-	-
1300 Inventories	-	-	-
1410 Prepayments	34,738	-	-
1000 Total Assets	<u>\$ 22,142,919</u>	<u>\$ 2,747,600</u>	<u>\$ 5,358,389</u>
LIABILITIES			
2110 Accounts Payable	\$ 107,173	\$ 300	\$ 198,066
2150 Payroll Deductions and Withholdings Payable	816	-	-
2160 Accrued Wages Payable	2,532,729	-	-
2170 Due to Other Funds	5,611,151	-	-
2180 Due to Other Governments	-	23,259	-
2200 Accrued Expenditures	47,284	-	-
2300 Unearned Revenue	75,980	-	-
2000 Total Liabilities	<u>8,375,133</u>	<u>23,559</u>	<u>198,066</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	733,886	211,383	-
2600 Total Deferred Inflows of Resources	<u>733,886</u>	<u>211,383</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
3430 Prepaid Items	34,738	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	3,000,000
3480 Retirement of Long-Term Debt	-	2,512,658	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	654,000	-	-
3570 Capital Expenditures for Equipment	-	-	2,160,323
3590 Other Assigned Fund Balance	345,991	-	-
3600 Unassigned Fund Balance	11,999,171	-	-
3000 Total Fund Balances	<u>13,033,900</u>	<u>2,512,658</u>	<u>5,160,323</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 22,142,919</u>	<u>\$ 2,747,600</u>	<u>\$ 5,358,389</u>

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

Other Funds	Total Governmental Funds
\$ 1,257,216	\$ 19,947,098
-	947,730
-	(2,460)
890,584	5,381,781
-	6,087,821
39,656	39,656
60,517	60,517
-	34,738
<u>\$ 2,247,973</u>	<u>\$ 32,496,881</u>
\$ 4,908	\$ 310,447
-	816
336,749	2,869,478
408,644	6,019,795
-	23,259
29,579	76,863
78,968	154,948
<u>858,848</u>	<u>9,455,606</u>
-	945,269
<u>-</u>	<u>945,269</u>
60,517	60,517
-	34,738
923,251	923,251
-	3,000,000
-	2,512,658
24,100	24,100
381,257	381,257
-	654,000
-	2,160,323
-	345,991
-	11,999,171
<u>1,389,125</u>	<u>22,096,006</u>
<u>\$ 2,247,973</u>	<u>\$ 32,496,881</u>

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	22,096,006
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		596,730
2 Capital assets and Right-to-Use Lease Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$155,750,361 and the accumulated depreciation was (\$52,446,924). In addition, long-term liabilities of (\$71,250,216) including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		32,053,221
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position.		7,977,770
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$7,180,182, a deferred resource inflow in the amount of (\$1,163,943), and a net pension liability in the amount of (\$13,421,933). This resulted in a (decrease) in net position.		(7,405,694)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$5,234,362, a deferred resource inflow in the amount of (\$12,503,709), and a net OPEB liability in the amount of (\$8,183,965). This resulted in a (decrease) in net position.		(15,453,312)
6 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to (decrease) net position.		(4,630,727)
7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		713,700
19 Net Position of Governmental Activities	\$	35,947,694

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 21,503,618	\$ 5,236,194	\$ 3,255
5800 State Program Revenues	24,330,995	327,166	-
5900 Federal Program Revenues	1,226,362	-	-
5020 Total Revenues	<u>47,060,975</u>	<u>5,563,360</u>	<u>3,255</u>
EXPENDITURES:			
Current:			
0011 Instruction	25,094,182	-	-
0012 Instructional Resources and Media Services	450,930	-	-
0013 Curriculum and Instructional Staff Development	538,710	-	-
0021 Instructional Leadership	554,554	-	-
0023 School Leadership	2,077,452	-	-
0031 Guidance, Counseling, and Evaluation Services	1,438,868	-	-
0033 Health Services	463,958	-	-
0034 Student (Pupil) Transportation	2,776,482	-	-
0035 Food Services	39,910	-	-
0036 Extracurricular Activities	2,106,285	-	-
0041 General Administration	1,519,929	-	-
0051 Facilities Maintenance and Operations	4,538,398	-	1,818,937
0052 Security and Monitoring Services	378,106	-	45,013
0053 Data Processing Services	237,522	-	-
0061 Community Services	287	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	494,900	3,320,000	-
0072 Interest on Long-Term Liabilities	-	2,284,284	-
0073 Bond Issuance Cost and Fees	-	1,800	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	224,951
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	75,608	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	2,594	-	-
0099 Other Intergovernmental Charges	322,826	-	-
6030 Total Expenditures	<u>43,111,501</u>	<u>5,606,084</u>	<u>2,088,901</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,949,474</u>	<u>(42,724)</u>	<u>(2,085,646)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	234,272	-	-
7913 Proceeds of Right-to-Use Lease	1,423,019	-	-
7915 Transfers In	-	-	3,445,000
8911 Transfers Out (Use)	(3,445,000)	-	-
7080 Total Other Financing Sources (Uses)	<u>(1,787,709)</u>	<u>-</u>	<u>3,445,000</u>
1200 Net Change in Fund Balances	2,161,765	(42,724)	1,359,354
0100 Fund Balance - September 1 (Beginning)	10,872,135	2,555,382	3,800,969
3000 Fund Balance - August 31 (Ending)	<u>\$ 13,033,900</u>	<u>\$ 2,512,658</u>	<u>\$ 5,160,323</u>

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

	Other Funds	Total Governmental Funds
\$	1,224,122	\$ 27,967,189
	560,710	25,218,871
	5,949,717	7,176,079
	7,734,549	60,362,139
	3,749,629	28,843,811
	11,992	462,922
	176,851	715,561
	200	554,754
	88,309	2,165,761
	628,018	2,066,886
	12,149	476,107
	15,190	2,791,672
	2,486,766	2,526,676
	19,394	2,125,679
	8,304	1,528,233
	146	6,357,481
	323,104	746,223
	-	237,522
	24,097	24,384
	-	3,814,900
	-	2,284,284
	-	1,800
	-	224,951
	-	75,608
	-	2,594
	-	322,826
	7,544,149	58,350,635
	190,400	2,011,504
	-	234,272
	-	1,423,019
	-	3,445,000
	-	(3,445,000)
	-	1,657,291
	190,400	3,668,795
	1,198,725	18,427,211
\$	1,389,125	\$ 22,096,006

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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 3,668,795
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to (decrease) net position.	(41,702)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase the change net position.	7,977,770
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to (decrease) the change in net position.	(4,630,727)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to (decrease) the change in net position.	(1,002,386)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by (\$1,146,889). Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling (\$1,055,094). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased)decreased the change in net position by \$975,419. The net result is a (decrease) in the change in net position.	(883,624)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$288,751. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling (\$280,731). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense (increased)decreased the change in net position by \$856,778. The net result is an increase in the change in net position.	864,798
Change in Net Position of Governmental Activities	\$ 5,952,924

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

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

	Governmental Activities -
	Internal Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 624,525
Total Assets	<u>624,525</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>27,795</u>
Total Liabilities	<u>27,795</u>
NET POSITION	
Unrestricted Net Position	<u>596,730</u>
Total Net Position	<u><u>\$ 596,730</u></u>

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

LINDALE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2023

	Governmental Activities -
	Internal Service Fund
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 25,022
Total Operating Revenues	<u>25,022</u>
OPERATING EXPENSES:	
Professional and Contracted Services	<u>66,724</u>
Total Operating Expenses	<u>66,724</u>
Operating Income (Loss)	(41,702)
Total Net Position - September 1 (Beginning)	<u>638,432</u>
Total Net Position - August 31 (Ending)	<u>\$ 596,730</u>

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

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

EXHIBIT D-3

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 25,022
Cash Payments for Insurance Claims	(84,804)
Net Cash Used for Operating Activities	(59,782)
Net Decrease in Cash and Cash Equivalents	(59,782)
Cash and Cash Equivalents at Beginning of Year	684,307
Cash and Cash Equivalents at End of Year	\$ 624,525
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (41,702)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease in Accounts Payable	(18,080)
Net Cash Used for Operating Activities	\$ (59,782)

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

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

	Total Custodial Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 498,201
Due from Other Governments	<u>13,001</u>
Total Assets	<u>511,202</u>
LIABILITIES	
Due to Other Funds	<u>68,026</u>
Total Liabilities	<u>68,026</u>
NET POSITION	
Restricted for Other Purposes	<u>443,176</u>
Total Net Position	<u><u>\$ 443,176</u></u>

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

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

	Total Custodial Funds
ADDITIONS:	
Contributions to Student Groups	\$ 18,107
Enterprising Services Revenue	369,578
Earnings from Temporary Deposits	31,946
Total Additions	<u>419,631</u>
DEDUCTIONS:	
Payroll Costs	3,670
Professional and Contracted Services	10,206
Other Deductions	552,691
Total Deductions	<u>566,567</u>
Change in Fiduciary Net Position	(146,936)
Total Net Position - September 1 (Beginning)	<u>590,112</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 443,176</u></u>

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

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

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lindale Independent School District (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 (Board), which are elected by eligible registered voters. The District prepares its basic financial statements in conformity with United States generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 76* of the American Institute of Certified Public Accountants, and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

The District implemented Governmental Accounting Standards Board (GASB) Number 96 "Subscription-Based Information Technology Arrangements (SBITAs)". GASB Statement No. 96 requires recognition of certain right-to-use subscription assets and liabilities for SBITAs in the financial statements. The District did not have any material SBITAs individually or in the aggregate for the fiscal year.

1. REPORTING ENTITY

The Board is elected by the public, and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units that are material to the reporting entity, and none are included in the financial statements.

2. 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 District's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

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. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include "charges for services" and "grants and contributions." 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. Non-program revenues are considered general revenue available to support all of the District's functions. Taxes are always general revenues. In the government-wide statements, indirect expenses (like depreciation) are allocated to functions based on the character of the expense.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. For the most part, the effect of interfund activity has been removed from the government-wide statements, although interfund services provided and used are not eliminated in the process of consolidation.

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.

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

3. 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, 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 will be collected within 60 days of the end of the fiscal year.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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 deferred 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. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position.

4. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues, and expenditures or expenses.

LINDALE INDEPENDENT SCHOOL DISTRICT
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The District reports the following major governmental funds:

- **General Fund** - This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program, and Medicaid reimbursement. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.
- **Debt Service Fund** - 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 which is a budgeted fund. Revenues include collections on property taxes and earnings on investments of the fund. The fund balance represents amounts that will be used for retirement of bonds and payment of interest in the future.
- **Capital Projects Fund** – This governmental fund is established to account for proceeds, on the modified accrual basis, 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:

- **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 are accounted for in a special revenue fund. Sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

- **Internal Service Funds** - These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The District's Internal Service Fund is Workers' Compensation and is not a budgeted fund.

Fiduciary Funds:

- **Fiduciary Funds** – These funds are used to report student activity funds held by the District in a custodial capacity and the assets are for the benefit of the student organizations. The collections and disbursement amounts are controlled by a group which is governed by a representative student body.

5. FUND BALANCE CLASSIFICATION

During fiscal year ending 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications, as reported on Exhibit C-1, describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

LINDALE INDEPENDENT SCHOOL DISTRICT
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Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Board, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the Board takes the same highest level action to remove or change the constraint. The District has committed \$381,257 for campus activity funds as August 31, 2023.

Assigned fund balance – amounts the Board intends to use for a specific purpose. Intent can be expressed by the Superintendent or Director of Finance, through which the Board has delegated the authority. The District has assigned \$3,160,314 for encumbrances and capital equipment as of August 31, 2023.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). When it is appropriate for fund balance to be assigned, (such as for the purchase of fixed assets, construction, debt service, or for other purposes), the Board designated the authority to the Superintendent and Director of Finance.

In the General Fund, the District's goal is to maintain sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The District strives to maintain a yearly fund balance in the General Fund in which the total fund balance is equal to the unassigned fund balance plus the committed fund balance. The unassigned fund balance shall be equal to at least two months of the total operating expenditures. The ending unassigned fund balance as of August 31, 2023, exceeds two months of total operating expenditures.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

6. CASH AND CASH EQUIVALENTS

The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. See Note C for more detail on deposits and investments.

7. INVENTORIES

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program.

Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

8. LONG-TERM DEBT

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, 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 premiums and discounts. Bond issuance costs are expensed as incurred.

LINDALE INDEPENDENT SCHOOL DISTRICT
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In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

9. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture, and equipment, 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 \$5,000 and more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress, if any, are not depreciated.

Buildings, furniture, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (in years)
Buildings and Expansions	50
Building Improvements	20
Vehicles	8
Office Equipment	5
Computer Equipment	5
Large Equipment	12

11. COMPENSATED ABSENCES

It is the District's policy to permit some employees to accumulate earned but unused sick pay benefits. The liability for accumulated unpaid sick leave benefits is reported as a Noncurrent Liability in the Statement of Net Position. See Note H for a summary of changes in the accumulated sick leave liability.

12. INTERNAL SERVICE FUND

Since Internal Service Funds support the operations of governmental funds, they 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.

13. GRANT REVENUE

The District has reported restricted assets in the instance of grants received for restricted purposes.

14. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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15. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

16. RESTRICTED AND UNRESTRICTED ASSETS

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

17. DATA CONTROL CODES

The Data Control Codes refer to the account code structure prescribed by TEA in the *Resource Guide*. TEA requires school districts to display these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

18. FUNCTIONS

School Districts are required to report all expenses by function, except certain indirect expenses. General administration, data processing service and other intergovernmental charges functions (Data control codes 41, 53 and 99, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

19. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

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

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

Note B. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

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

LINDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
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The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to August 20 of the preceding fiscal year, 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.

The following budget amendments were made during the year:

General Fund:

Increase in Revenues - Local and Intermediate Sources	866,000
Increase in Revenues - State Program Revenues	1,900,000
Increase in Revenues - Federal Sources	700,000
(Increase) in Expenditures - Instruction (11)	(1,740,644)
Decrease in Expenditures - Instructional Resources (12)	2,402
Decrease in Expenditures - Staff Development (13)	18,000
(Increase) in Expenditures - Instructional Leadership (21)	(2,000)
(Increase) in Expenditures - School Leadership (23)	(20,000)
(Increase) in Expenditures - Guidance and Counseling (31)	(40,000)
(Increase) in Expenditures - Health Services (33)	(5,000)
Decrease in Expenditures - Student (Pupil) Transportation (34)	370,010
(Increase) in Expenditures - Co Curricular (36)	(440,000)
Decrease in Expenditures - General Administration (41)	12,109
Decrease in Expenditures - Maintenance and Operation (51)	218,095
(Increase) in Expenditures - Security and Monitoring Services (52)	(36,109)
(Increase) in Expenditures - Principal on Long-Term Debt (71)	(494,900)
Increase in Other Financing Sources - Sale of Property	294,045
Increase in Other Financing Sources - Proceeds of Right-to-Use Lease	1,484,700
(Increase) in Other Financing Uses - Transfers Out	(2,300,000)
	786,708

Food Service:

Increase in Revenues - Local and Intermediate Sources	200,000
Increase in Revenues - Federal Sources	158,719
(Increase) in Expenditures - Food Services (35)	(319,878)
	38,841

Debt Service:

Increase in Revenues - Local and Intermediate Sources	200,000
Increase in Revenues - State Program Revenues	175,000
	375,000

LINDALE INDEPENDENT SCHOOL DISTRICT
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Each budget is controlled by the Director of Finance at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

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 in excess of NSLP, 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.

A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	08/31/23 Fund Balance
Appropriated Budget Funds - Food Service Special Revenue Fund	983,768
Nonappropriated Budget Funds	405,357
All Nonmajor Governmental Special Revenue Funds	1,389,125

NOTE C. DEPOSITS AND INVESTMENTS

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

The District's cash deposits at August 31, 2023 and during the year were entirely covered by FDIC insurance, letters of credit, or pledged securities purchased by the depository bank in the District's name.

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.

The captions and amounts of cash and cash equivalents on the Balance Sheet and Statement of Fiduciary Fund Net Position at August 31, 2023 consist of the following:

	General Fund	Debt Service Fund	Capital Projects	Other Funds	Total Governmental Funds	Internal Service Fund	Custodial Fund
Cash in Bank	1,662,731	37,454	50,949	214,941	1,966,075	54,990	(248,018)
Investment Pools	14,449,998	2,488,750	-	1,042,275	17,981,023	569,535	746,219
Total	16,112,729	2,526,204	50,949	1,257,216	19,947,098	624,525	498,201

LINDALE INDEPENDENT SCHOOL DISTRICT
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 AUGUST 31, 2023

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) 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 District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District 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.

As of August 31, 2023, Lindale Independent School District had the following investments:

<u>Investment Type</u>	<u>Amortized Cost</u>
Investment Pools	
Lone Star	<u>19,296,777</u>
Total	<u><u>19,296,777</u></u>

Lone Star Investment Pool (Pool) was organized in 1991 in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is administered by First Public, formerly known as Texas Association of School Boards Financial Services. The Pool is governed by an 11-member board, all of whom are participants in the Pool.

In compliance with the Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

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. To minimize credit risk, the Pool invests only in investments authorized under the Act. As of August 31, 2023, the Pool's investments credit quality rating was AAA (Standard & Poor's).

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.

NOTE D. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the roll on January 1, 2022 upon which the levy for the 2023 fiscal year was based was \$2,177,494,357. The tax rate levied for the year ended August 31, 2023 to finance General Fund operations and the payment of principal and interest on general obligations long-term debt were \$0.9346 and \$0.2350 per \$100 per valuation, respectively, for a total of \$1.1696 per \$100 valuation.

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

NOTE E. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance (General Fund) and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Fund 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.

NOTE F. DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables at August 31, 2023, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due from Other Funds</u>	<u>Other Receivables</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	736,335	4,481,394	780,171	-	5,997,900
Debt Service	211,395	9,803	210	-	221,408
Capital Projects	-	-	5,307,440	-	5,307,440
Nonmajor Governmental Funds (Special Revenue)	-	890,584	-	39,656	930,240
Total - Governmental Activities	<u>947,730</u>	<u>5,381,781</u>	<u>6,087,821</u>	<u>39,656</u>	<u>12,456,988</u>
Amounts not scheduled for collection during the subsequent year	<u>(2,460)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,460)</u>
Fiduciary Activities:					
Custodial Fund	<u>-</u>	<u>13,001</u>	<u>-</u>	<u>-</u>	<u>13,001</u>

Payables at August 31, 2023, were as follows:

	<u>Accounts Payable</u>	<u>Salaries/ Benefits</u>	<u>Due to Other Funds</u>	<u>Due to Other Governments</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	107,173	2,580,829	5,611,151	-	8,299,153
Debt Service Fund	300	-	-	23,259	23,559
Capital Projects	198,066	-	-	-	198,066
Nonmajor Governmental Funds (Special Revenue)	4,908	366,328	408,644	-	779,880
Total - Governmental Activities	<u>310,447</u>	<u>2,947,157</u>	<u>6,019,795</u>	<u>23,259</u>	<u>9,300,658</u>
Proprietary Activities:					
Internal Service Fund	<u>27,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,795</u>
Fiduciary Activities:					
Custodial Fund	<u>-</u>	<u>-</u>	<u>68,026</u>	<u>-</u>	<u>68,026</u>

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

NOTE G. CAPITAL ASSET ACTIVITY

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Land	4,017,022	-	-	4,017,022
Building and Improvements	130,082,480	452,744	6,999,312	137,534,536
Furniture and Equipment	12,918,196	2,362,940	605,447	15,886,583
Right to Use Leased Equipment	-	1,423,019	-	1,423,019
Construction in Progress	8,732,663	419,067	(9,075,947)	75,783
Totals at Historic Cost	<u>155,750,361</u>	<u>4,657,770</u>	<u>(1,471,188)</u>	<u>158,936,943</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	42,383,925	3,604,885	(122,666)	45,866,144
Furniture and Equipment	10,062,999	788,672	(1,271,188)	9,580,483
Right to Use Leased Equipment	-	237,170	-	237,170
Total Accumulated Depreciation	<u>52,446,924</u>	<u>4,630,727</u>	<u>(1,393,854)</u>	<u>55,683,797</u>
Governmental Activities, Net:				
Land	4,017,022	-	-	4,017,022
Building and Improvements, Net	87,698,555	(3,152,141)	7,121,978	91,668,392
Furniture and Equipment, Net	2,855,197	1,574,268	1,876,635	6,306,100
Right to Use Leased Equipment, Net	-	1,185,849	-	1,185,849
Construction in Progress	8,732,663	419,067	(9,075,947)	75,783
Capital Assets, Net	<u>103,303,437</u>	<u>27,043</u>	<u>(77,334)</u>	<u>103,253,146</u>

During the year, the District purchased several capital assets, including band instruments, 2 sound systems, playground equipment, a fork lift, a zero-turn mower, an ice machine, 2 trucks, and 5 school buses. Additionally, the District entered into a Right-To-Use-Lease agreement for district-wide iPads.

In September 2021, the District signed a construction contract with a guaranteed maximum of \$6,767,050 with Jackson Construction for renovations and improvements to College Street Elementary and Early Childhood Center. In prior years, the District incurred \$6,600,602 for architect, construction, and other fees related to the projects. In fiscal year 2023, the District incurred the final \$182,168 in construction and other costs. The project was completed and reclassified to buildings and improvements during the fiscal year ended August 31, 2023.

In January 2022, the District signed a contract with Wood Air Conditioning, Inc. for HVAC improvements for a total of \$1,839,650. In fiscal year 2022, the District paid \$112,816 for architect fees and \$1,669,052 related to the contract. In fiscal year 2023, the District incurred an additional \$94,768 in contract costs. The completed project was reclassified to furniture and equipment during the fiscal year ended August 31, 2023.

In August 2022, the District signed a construction contract with Hellas Construction, Inc. for turf replacement for the baseball field for a total of \$412,965. In fiscal year 2022, the District paid \$350,193 for costs related to the project. In fiscal year 2023, the District incurred project costs of \$66,348. The project was completed and reclassified to buildings and improvements during the fiscal year ended August 31, 2023.

LINDALE INDEPENDENT SCHOOL DISTRICT
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In fiscal year 2023, the District started and completed projects on the high school gym floor, high school exterior safety doors, and intermediate exterior safety doors. Total project costs of \$145,290, \$18,448, and \$289,006, respectively.

In fiscal year 2023, the District started and completed an HVAC project at VP elementary. Total project costs of \$1,479,530.

During the current year the District incurred \$75,783 in engineering and architect fees related to the start of the ECC HVAC and softball turf projects. These costs are reflected in construction in progress at August 31, 2023.

In FY 2023, the District sold fully depreciated iPads (with an original cost of \$1,214,220) for \$234,272; disposed of one fully depreciated bus with an original cost of \$56,968; and removed HVAC units with an original cost of \$200,000, and accumulated depreciation of \$122,666, at a loss of \$77,334.

Depreciation expense was charged to governmental functions as follows:

Instruction	2,670,462
Instructional Resources and Media Services	41,396
Curriculum and Instructional Staff Development	53,262
Instructional Leadership	49,407
School Leadership	197,497
Guidance, Counseling and Evaluation Services	184,501
Social Work Services	967
Health Services	41,001
Student (Pupil) Transportation	196,669
Food Services	217,202
Cocurricular/Extracurricular Activities	199,849
General Administration	129,004
Facilities Maintenance and Operations	593,907
Security and Monitoring Services	35,418
Data Processing Services	19,345
Community Services	840
Total Depreciation Expense	<u>4,630,727</u>

NOTE H. LONG-TERM OBLIGATIONS

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

LINDALE INDEPENDENT SCHOOL DISTRICT
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The following is a summary of changes in long-term obligation activity for governmental activities for the year ended August 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	63,744,212	-	(a) (3,320,000)	60,424,212	2,999,369
CAB accreted interest	2,355,738	(b) 504,867	-	2,860,605	-
Premium and discount on issuance costs	5,150,266	-	(c) (578,456)	4,571,810	-
Right to use lease	-	1,423,019	(d) (494,900)	928,119	454,072
Total Bonds, Notes, and Leases Payable	71,250,216	1,927,886	(4,393,356)	68,784,746	3,453,441
Other Liabilities:					
Compensated absences	186,730	-	(4,525)	182,205	-
TRS Net Pension Liability	4,924,781	8,497,152	-	13,421,933	-
TRS Net OPEB Liability	12,100,369	-	(3,916,404)	8,183,965	-
Total Other Liabilities	17,211,880	8,497,152	(3,920,929)	21,788,103	-
Total Long-term Liabilities	88,462,096	10,425,038	(8,314,285)	90,572,849	3,453,441

- (a) Principal bond payments totaling \$3,320,000
- (b) Accreted bond payments on Capital Appreciation Bond
- (c) Amortization of bond premium
- (d) Principal RTU lease payments \$494,900

Bonds Payable

Bonded indebtedness of the District is reflected in the Statement of Net Position. The following is a summary of bonds payable outstanding at August 31, 2023:

Title of Issue	Maturity Date	Interest Rates	Amount Outstanding
Series 2005 Capital Appreciation Bond	2/15/2019	0.00%	119
Series 2010 Tax School Building and Refunding Bonds	2/15/2040	2.00-5.40%	2,915,000
Series 2017 Unlimited Tax School Refunding Bonds	2/15/2030	0.00%	5,659,093
Series 2018 Unlimited Tax School Refunding Bonds	2/15/2040	3.00-5.00%	22,965,000
Series 2019 Term and Serial Bonds	2/15/2049	3.00-5.00%	28,885,000
Total			60,424,212

Unlimited Tax Refunding Bonds, Series 2017

On August 15, 2017, the District issued \$5,659,093 of Unlimited Tax Refunding Bonds, Series 2017 issued to redeem Unlimited Tax School Building Capital Appreciation Bonds, Series 2011 in the amount of \$5,659,156 representing the original principal amount of the Bonds of \$5,659,003, plus an issue premium of \$2,480,671. The Series 2017 is comprised of Capital Appreciation Bonds.

Unlimited Tax Refunding Bonds, Series 2018

On August 1, 2018, the District issued \$25,395,000 of Unlimited Tax Refunding Bonds, Series 2018 issued to redeem Build America Bonds, Series 2010 in the amount of \$25,495,000 representing the original principal amount of the Bonds of \$25,495,000, plus an issue premium of \$1,763,464. The Series 2018 is comprised of \$21,800,000 of Serial Bonds and \$3,595,000 of Term Bonds.

LINDALE INDEPENDENT SCHOOL DISTRICT
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Unlimited Tax School Building Bonds, Series 2019

On February 26, 2019, the District issued the Unlimited Tax School Building Bonds, Series 2019 for designing, constructing, renovating, improving, upgrading, updating, acquiring and equipping school facilities. The Series 2019 is comprised of \$14,730,000 Serial Bonds, \$15,600,000 Term Bonds and \$3,118,986 in premiums.

In the governmental fund financial statements, the current expenditures for principal and interest expenditures are accounted for in the Debt Service Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance. During the year ended August 31, 2023, the District paid \$3,320,000 in principal, \$2,284,284 in interest (net of tax credit), and \$1,800 in fees.

In the government-wide financial statements, bonded indebtedness of the District is reflected in the Statement of Net Position. Premium/discount on issuance of bonds, net of accumulated amortization, totaled \$4,571,810 at August 31, 2023. Bond premium/discount proceeds are deferred and amortized over the life of the bonds. Amortization of \$578,456 is reflected in the Statement of Activities for the year ended August 31, 2023. Interest expense accreted of \$504,867 on the CAB Bonds is reflected in the Statement of Activities for the year ended August 31, 2023.

Direct Subsidy – Qualified School Construction Bonds

Certain Series 2010 bonds include an irrevocable election to receive directly from the United States Department of the Treasury a tax credit equal to the amount of interest which would have been payable on the Securities by the Issuer if such interest were determined at the credit rate determined under section 54A(b)(3) of the Code (which credit rate applicable to the Bonds is 5.35% per annum), which election is based on the Securities' qualification as "Qualified School Construction Bonds" under section 54F of the Code and as "qualified bonds" under subsection 6431(f)(1)(A) of the Code, and the Issuer's irrevocable election to treat the Securities as such at the time of their issuance. The District was notified from the Internal Revenue Service during fiscal year 2023 that the tax credit was being reduced by 5.38%. As of August 31, 2023, the net amount of the tax credit received amounted to \$163,996.

Rebatable Arbitrage Payable

The Tax Reform Act of 1986 requires that the excess interest earned on tax-exempt bond proceeds over interest cost must be remitted to the federal government. These arbitrage interest earnings are paid from the Capital Projects Funds, if applicable, and must be remitted every five years from the date of issue. During the fiscal year August 31, 2023, no arbitrage payments were made to the IRS. Furthermore, there was no arbitrage liability at August 31, 2023.

Bonded indebtedness of the District is reflected in the Statement of Net Position.

The annual debt service requirements for principal and interest on the bonds are as follows:

Year Ended	General Obligation Bonds		
	Principal	Interest	Total Requirements
<u>August 31</u>			
2024	2,999,369	2,831,770	5,831,139
2025	3,019,931	2,784,580	5,804,511
2026	3,059,623	2,718,478	5,778,101
2027	3,088,266	2,653,515	5,741,781
2028	2,766,181	2,939,644	5,705,825
2029-2033	11,765,842	9,399,632	21,165,474
2034-2038	13,305,000	5,800,975	19,105,975
2039-2043	10,245,000	3,282,113	13,527,113
2044-2048	8,260,000	1,544,000	9,804,000
2049	1,915,000	47,875	1,962,875
	<u>60,424,212</u>	<u>34,002,582</u>	<u>94,426,794</u>

LINDALE INDEPENDENT SCHOOL DISTRICT
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The deferred charge on refunding bonds, net of accumulated amortization, totaled \$978,949 at August 31, 2023. Amortization of \$176,316 is reflected in the Statement of Activities for the year ended August 31, 2023.

The following is a summary of changes in deferred outflows of resources – charges for refunding for the year ended August 31, 2023.

	Beginning Balance	Additions	Reduction	Ending Balance
Deferred charges for refundings:				
Series 2015	4,935	-	4,935	-
Series 2017	392,832	-	94,886	297,946
Series 2018	757,498	-	76,495	681,003
	<u>1,155,265</u>	<u>-</u>	<u>176,316</u>	<u>978,949</u>

NOTE I. RIGHT-TO-USE LEASE

In fiscal year 2023, the District signed a three year lease with an initial present value of \$1,423,019 with Wells Fargo Vendor Financial Services, LLC for Apple iPads for the District. The effective rate of interest on the lease date was 4.40%. The District made an initial down payment of \$494,900, upon receipt of the iPads. The District had an outstanding balance of \$928,119 at August 31, 2023.

	Interest Rate	Amounts Original Issue	Amount Outstanding 9/1/2022	Additions	Reductions	Amount Outstanding 8/31/2023
Apple iPad Lease	4.40%	<u>1,423,019</u>		<u>1,423,019</u>	<u>494,900</u>	<u>928,119</u>

In the governmental fund financial statements, indebtedness current requirement for principal and interest expenditures are accounted for in the General Fund, Function 71 and Function 72. During the year ended August 31, 2023, the District paid an initial down payment of \$494,900 in principal and \$0 in interest on the lease outstanding. The proceeds for the RTU lease is reported as Other Financing Sources in the General Fund of \$1,423,019 in the current year.

Debt Service requirements are as follows:

Year Ended August 31	Right-To-Use Lease		
	Principal	Interest	Total Requirements
2024	454,072	40,828	494,900
2025	474,047	20,853	494,900
	<u>928,119</u>	<u>61,681</u>	<u>989,800</u>

NOTE J. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

The following table shows contribution rates by type of contributor for the fiscal years 2022 and 2023 and the contributions by type of contributions reported by TRS which were received by TRS during the measurement year (TRS FY 2022). These are included in the calculation of the district's proportionate share of the net pension liability.

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Contribution Rates

	2022	2023
Member (Employees)	8.00%	8.00%
Employer (District)	7.75%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
LISD Member Contributions	2,368,109	2,515,156
LISD Employer Contributions	1,055,094	1,146,889
LISD NECE On-Behalf Contributions	1,723,067	1,664,362

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

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

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

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

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

Net Pension Liability. Components of the net pension liability of the plan as of August 31, 2022 are disclosed below:

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

LINDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
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Actuarial Assumptions. The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
	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 taxexempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Municipal Bond Rate as of August 2022	
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 actuarial valuation report dated November 12, 2021.

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

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

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

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022 are summarized below:

Asset Class ¹	Target Allocation % ²	Long-Term Expected Arithmetic Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources & Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity			
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag⁴			-0.91%
Total	100.00%		8.19%

¹ Absolute Return includes Credit Sensitive Investments

² Target Allocations are based on the FY2022 policy model

³ Capital Asset Market Assumptions come from Aon Hewitt (as of 8/31/2022).

⁴ 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.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
LISD's proportionate share of the net pension liability	20,879,438	13,421,933	7,377,274

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, Lindale ISD reported a liability of \$13,421,933 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to Lindale ISD. The amount recognized by Lindale ISD 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 Lindale ISD were as follows:

LINDALE INDEPENDENT SCHOOL DISTRICT
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District's proportionate share of the collective net pension liability	\$ 13,421,933
State's proportionate share that is associated with the District	<u>21,175,024</u>
Total	<u>\$ 34,596,957</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 0.022608243%, which was an increase (decrease) of 0.00326991% from its proportion measured as of August 31, 2021.

Changes in Actuarial Assumptions 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, Lindale School recognized pension expense of \$4,054,605 and revenue of \$2,024,092 for support provided by the State in the Government Wide Statement of Activities.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experience	\$ 194,617	\$ 292,624
Changes in actuarial assumptions	2,500,943	623,305
Difference between projected and actual investment earnings	1,326,044	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	2,011,689	248,014
Total as of August 31, 2022 measurement date	\$ 6,033,293	\$ 1,163,943
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	1,146,889	-
Total as of August 31, 2023	\$ 7,180,182	\$ 1,163,943

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

Year ended August 31:	Pension Expense Amount
2024	1,272,768
2025	803,922
2026	452,845
2027	1,911,154
2028	428,662
Thereafter	(1)
	<u>4,869,350</u>

LINDALE INDEPENDENT SCHOOL DISTRICT
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NOTE K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

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

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

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

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

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

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

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

TRS-Care Monthly Premium Rates

		<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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 NOTES TO THE FINANCIAL STATEMENTS
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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 employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor which were reported for the district by TRS for the measurement year. These are included in that calculation of the district's proportionate share of the Net TRS-Care liability.

	Contribution Rates	
	2022	2023
Active Employee	0.65%	0.65%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
Non-Employer Contributing Entity (State)	1.25%	1.25%
LISD Member Contributions	192,409	204,360
LISD Employer Contributions	280,731	288,751
Measurement Year NECE On-behalf Contributions	328,328	342,448

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

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

Actuarial Assumptions

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. 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

LINDALE INDEPENDENT SCHOOL DISTRICT
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 AUGUST 31, 2023

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

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

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

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

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was one percentage point lower than and one percentage point higher than the discount rate that was used (3.91 percent) 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%)
LISD's proportionate share of the Net OPEB Liability	9,649,544	8,183,965	6,996,658

LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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 \$8,183,965 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective Net OPEB Liability	\$ 8,183,965
State's proportionate share that is associated with the District	9,983,151
Total	\$ 18,167,116

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 0.034179599%, compared to 0.002810744% 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	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of Net OPEB Liability	6,743,624	8,183,965	10,051,182

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experience	\$ 455,000	\$ 6,817,977
Changes in actuarial assumptions	1,246,580	5,685,732
Net Difference between projected and actual investment earnings	24,378	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	3,219,653	-
Total as of August 31, 2022 measurement date	4,945,611	12,503,709
Contributions paid to TRS subsequent to the measurement date of the Net OPEB Liability (to be calculated by employer)	288,751	-
Total as of August 31, 2023 fiscal year-end	\$ 5,234,362	\$ 12,503,709

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

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

Year ended August 31:	Expense Amount
2023	\$(1,508,368)
2024	(1,508,280)
2025	(1,161,224)
2026	(691,374)
2027	(930,399)
Thereafter	<u>(1,758,453)</u>
	<u><u>\$(7,558,098)</u></u>

For the year ended August 31, 2023, the District recognized OPEB expense of (\$1,992,737) and revenue of (\$1,416,690) for support provided by the State.

NOTE L. MEDICARE PART D (TRS)

Federal Government Retiree Drug Subsidy - The Medicare Modernization Act of 2003 (MMA) created an outpatient prescription drug benefit program (known as Medicare Part D) and a Retiree Drug Subsidy (RDS) program which were made available in 2006. The Texas Public School Retired Employee Group Insurance Program (TRS-Care) is offering a Medicare Part D Plan and is participating in the Retiree Drug Subsidy plan for eligible TRS-Care participants.

Under Medicare Part D and the RDS program, TRS-Care receives payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity.

The allocation of these on-behalf payments is based on the ratio of a reporting entity’s covered payroll to the entire covered payroll reported by all participating reporting entities. TRS based this allocation percentage on the “completed” report submission by reporting entities for the month of May. Any questions about payroll amounts should be directed to a reporting entity’s payroll contact.

Contribution amounts are as follows: State Contributions for Medicare Part D made on behalf of Lindale Independent School District’s employees were \$170,213 for the year ended August 31, 2023. State Contributions for Medicare Part D made on behalf of Lindale Independent School District’s employees were \$121,741 for the year ended August 31, 2022. State Contributions for Medicare Part D made on behalf of Lindale Independent School District’s employees were \$123,586 for the year ended August 31, 2021.

NOTE M. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2023, employees of Lindale Independent School District were covered by a uniform statewide health care program for public education employees. The District contributed \$310 per month towards employee health insurance, which includes the \$75 which is reimbursed by the state, per employee. Employees, at their option, may authorize payroll withholdings to pay the remaining balance of the premium for employee coverage and/or dependents. All premiums were paid to the statewide health care program based on the coverages selected by the employee. The Plan was authorized by House Bill 3343 and is administered by the Teacher Retirement System of Texas (TRS). The TRS board approved the selection of Blue Cross Blue Shield as the health plan administrator and Caremark as the pharmacy benefits manager for TRS-ActiveCare. The minimum contribution allowed by the state is \$225 per month.

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

NOTE N. WORKERS' COMPENSATION

In 2011-2012, the District began participating in a fully funded workers' compensation plan with the Texas Association of School Boards Risk Management Fund, a public entity risk pool currently operating a workers' compensation risk management and insurance program.

A reconciliation of the change in the liability for claims for the current and previous fiscal year is presented below:

	Year Ended August 31, 2023	Year Ended August 31, 2022
Unpaid claims at September 1	\$ 45,875	\$ 72,047
Incurred claims (including incurred but not reported)	9,630	460,649
Total Payments	(27,710)	(486,821)
Total Unpaid Claims at August 31	\$ 27,795	\$ 45,875

NOTE O. UNEARNED REVENUE

Unearned revenue at year end consisted of ticket sales related to football games, money received from students related to lunches, advance payments of scoreboard advertisements and grant revenue not yet spent.

	General Fund	Other Funds	Total
Athletic receipts	43,280	-	43,280
Scoreboard advertisements	32,700	-	32,700
Food service receipts	-	78,968	78,968
	75,980	78,968	154,948

NOTE P. INTERFUND BALANCES

Interfund balances at August 31, 2023, consisted of the following amounts. All interfund balances are expected to be repaid within one year.

	Due From	Due To
General Fund:		
General Fund	\$ 565,941	\$ 565,941
Non-major governmental funds (Special Revenue)	146,204	-
Capital Projects Fund	-	5,045,000
Debt Service Fund	-	210
Custodial Fund	68,026	-
Debt Service Fund:		
General Fund	210	-
Non-major Governmental Funds (Special Revenue):		
General Fund	-	146,204
Capital Projects Fund	-	262,440
Capital Projects Fund:		
General Fund	5,045,000	-
Non-major governmental funds (Special Revenue)	262,440	-
Custodial Fund:		
General Fund	-	68,026
Total	\$ 6,087,821	\$ 6,087,821

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

These interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and/or payments between funds are made. The District is using General Fund fund balance to pay for a portion of the construction projects in the Capital Project Fund.

Note Q. GENERAL FUND FEDERAL SOURCE REVENUES

<u>Program or Source</u>	AL	
	<u>Number</u>	<u>Amount</u>
School Health and Related Services (SHARS)	N/A	822,883
Indirect Costs:		
Title I, Part A - Improving Basic Programs	84.010A	11,061
IDEA-B Formula	84.027A	15,646
School Breakfast Program	10.553	34,838
National School Lunch Program	10.555	135,525
Title II, Part A - Supporting Effective Instruction	84.367A	2,446
COVID-19 School Emergency Relief ESSER II	84.425D	124,599
COVID-19 School Emergency Relief ESSER III	84.425U	79,364
		\$ 1,226,362

NOTE R. DUE FROM/TO 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. All federal grants shown below are passed through the TEA or are received directly from a federal agency and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other Governments</u>	<u>Total</u>
Governmental Activities:				
Due From Other Governments:				
General Fund	4,481,394	-	-	4,481,394
Debt Service Fund	9,803	-	-	9,803
Nonmajor Governmental Funds				
(Special Revenue)	447,399	443,185	-	890,584
Total	4,938,596	443,185	-	5,381,781
Due to Other Governments:				
Debt Service Fund	23,259	-	-	23,259
Total	23,259	-	-	23,259
Fiduciary Activities:				
Due From Other Governments:				
Custodial Fund	-	-	13,001	13,001
Total	-	-	13,001	13,001

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

NOTE S. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources as reported on Exhibit C-3, D-2, and E-2 of the Funds Statements consisted of the following:

<u>Revenue Sources</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Funds Total</u>	<u>Internal Service Funds</u>	<u>Custodial Funds</u>
Property taxes & related income	20,234,222	5,093,235	-	-	25,327,457	-	-
Investment income	775,339	142,959	3,255	71,620	993,173	25,022	31,946
Rent	1,420	-	-	-	1,420	-	-
Food service revenue	-	-	-	795,634	795,634	-	-
Insurance Recovery	33,009	-	-	-	33,009	-	-
Athletics/Cocurricular	221,709	-	-	320,395	542,104	-	369,578
Other local and intermediate sources	237,919	-	-	36,473	274,392	-	18,107
	<u>21,503,618</u>	<u>5,236,194</u>	<u>3,255</u>	<u>1,224,122</u>	<u>27,967,189</u>	<u>25,022</u>	<u>419,631</u>

NOTE T. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District 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.

NOTE U. COMMITMENTS AND CONTINGENCIES

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

NOTE V. SUBSEQUENT EVENTS

Management evaluated subsequent events after the date of the balance sheet and prior to the release of these financial statements which was January 2, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

LINDALE 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	\$ 20,497,096	\$ 21,363,096	\$ 21,503,618	\$ 140,522
5800 State Program Revenues	22,160,487	24,060,487	24,330,995	270,508
5900 Federal Program Revenues	650,000	1,350,000	1,226,362	(123,638)
5020 Total Revenues	43,307,583	46,773,583	47,060,975	287,392
EXPENDITURES:				
Current:				
0011 Instruction	23,796,540	25,537,184	25,094,182	443,002
0012 Instructional Resources and Media Services	468,939	466,537	450,930	15,607
0013 Curriculum and Instructional Staff Development	622,147	604,147	538,710	65,437
0021 Instructional Leadership	595,675	597,675	554,554	43,121
0023 School Leadership	2,142,023	2,162,023	2,077,452	84,571
0031 Guidance, Counseling, and Evaluation Services	1,442,315	1,482,315	1,438,868	43,447
0032 Social Work Services	30,000	30,000	-	30,000
0033 Health Services	509,738	514,738	463,958	50,780
0034 Student (Pupil) Transportation	3,217,463	2,847,453	2,776,482	70,971
0035 Food Services	48,072	48,072	39,910	8,162
0036 Extracurricular Activities	1,729,378	2,169,378	2,106,285	63,093
0041 General Administration	1,568,421	1,556,312	1,519,929	36,383
0051 Facilities Maintenance and Operations	4,934,641	4,716,546	4,538,398	178,148
0052 Security and Monitoring Services	371,151	407,260	378,106	29,154
0053 Data Processing Services	256,328	256,328	237,522	18,806
0061 Community Services	4,752	4,752	287	4,465
Debt Service:				
0071 Principal on Long-Term Liabilities	-	494,900	494,900	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	81,000	81,000	75,608	5,392
0095 Payments to Juvenile Justice Alternative Ed. Prg.	8,000	8,000	2,594	5,406
0099 Other Intergovernmental Charges	336,000	336,000	322,826	13,174
6030 Total Expenditures	42,162,583	44,320,620	43,111,501	1,209,119
1100 Excess of Revenues Over Expenditures	1,145,000	2,452,963	3,949,474	1,496,511
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	294,045	234,272	(59,773)
7913 Proceeds of Right-to-Use Lease	-	1,484,700	1,423,019	(61,681)
8911 Transfers Out (Use)	(1,145,000)	(3,445,000)	(3,445,000)	-
7080 Total Other Financing Sources (Uses)	(1,145,000)	(1,666,255)	(1,787,709)	(121,454)
1200 Net Change in Fund Balances	-	786,708	2,161,765	1,375,057
0100 Fund Balance - September 1 (Beginning)	10,872,135	10,872,135	10,872,135	-
3000 Fund Balance - August 31 (Ending)	\$ 10,872,135	\$ 11,658,843	\$ 13,033,900	\$ 1,375,057

LINDALE 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)	0.022608243%	0.019338302%	0.017207133%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 13,421,933	\$ 4,924,781	\$ 9,215,789
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	21,175,024	10,282,523	21,356,855
Total	<u>\$ 34,596,957</u>	<u>\$ 15,207,304</u>	<u>\$ 30,572,644</u>
District's Covered Payroll	\$ 29,590,023	\$ 28,491,299	\$ 26,542,703
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	45.36%	17.29%	34.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.018294484%	0.018034153%	0.017207823%	0.015938516%	0.0158716%	0.0088547%
\$ 9,510,045	\$ 9,926,436	\$ 5,502,135	\$ 6,022,928	\$ 5,610,399	\$ 2,365,213
19,057,928	20,434,367	12,166,928	14,646,013	13,766,068	11,561,315
<u>\$ 28,567,973</u>	<u>\$ 30,360,803</u>	<u>\$ 17,669,063</u>	<u>\$ 20,668,941</u>	<u>\$ 19,376,467</u>	<u>\$ 13,926,528</u>
\$ 24,593,922	\$ 23,603,395	\$ 22,640,642	\$ 21,495,276	\$ 20,288,559	\$ 19,953,165
38.67%	42.06%	24.30%	28.02%	27.65%	11.85%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

	2023	2022	2021
Contractually Required Contribution	\$ 1,146,889	\$ 1,055,094	\$ 825,257
Contribution in Relation to the Contractually Required Contribution	(1,146,889)	(1,055,094)	(825,257)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 31,447,240	\$ 29,590,023	\$ 28,491,299
Contributions as a Percentage of Covered Payroll	3.65%	3.57%	2.90%

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
\$	709,901	\$ 640,329	\$ 605,974	\$ 563,972	\$ 506,408	469,964
	(709,901)	(640,329)	(605,974)	(563,972)	(506,408)	(469,964)
\$	-	\$ -	\$ -	\$ -	\$ -	-
\$	26,542,703	\$ 24,593,922	\$ 23,603,395	\$ 22,640,642	\$ 21,495,276	20,288,559
	2.67%	2.60%	2.57%	2.49%	2.36%	2.32%

LINDALE 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	0.034179599%	0.031368855%	0.029998032%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 8,183,965	\$ 12,100,369	\$ 11,403,606
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	9,983,151	16,211,798	15,323,714
Total	<u>\$ 18,167,116</u>	<u>\$ 28,312,167</u>	<u>\$ 26,727,320</u>
District's Covered Payroll	\$ 29,590,023	\$ 28,491,299	\$ 26,542,703
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	27.66%	42.47%	42.96%
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.

<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.029244218%	0.02819758%	0.026776438%
\$ 13,829,948	\$ 14,079,310	\$ 11,644,068
18,376,909	20,126,740	17,611,361
<u>\$ 32,206,857</u>	<u>\$ 34,206,050</u>	<u>\$ 29,255,429</u>
\$ 24,593,922	\$ 23,603,395	\$ 22,640,642
56.23%	59.65%	51.43%
2.66%	1.57%	0.91%

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

	2023	2022	2021
Contractually Required Contribution	\$ 288,751	\$ 280,731	\$ 245,061
Contribution in Relation to the Contractually Required Contribution	(288,751)	(280,731)	(245,061)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 31,447,240	\$ 29,590,023	\$ 28,491,299
Contributions as a Percentage of Covered Payroll	0.92%	0.95%	0.86%

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

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

	2020	2019	2018
\$	227,975	\$ 207,553	\$ 195,045
	(227,975)	(207,553)	(195,045)
\$	-	\$ -	\$ -
\$	26,542,703	\$ 24,593,922	\$ 23,603,295
	0.86%	0.84%	0.83%

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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

Changes of Assumptions.

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

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefits.

Changes in Assumptions.

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

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

COMBINING SCHEDULES

LINDALE 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	226 IDEA - Part B Discretionary
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ (785)	\$ -	\$ -
1240 Due from Other Governments	59,936	93,750	886	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ 59,936</u>	<u>\$ 92,965</u>	<u>\$ 886</u>	<u>\$ -</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	53,703	83,603	794	-
2170 Due to Other Funds	-	-	-	-
2200 Accrued Expenditures	6,233	9,362	92	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>59,936</u>	<u>92,965</u>	<u>886</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 59,936</u>	<u>\$ 92,965</u>	<u>\$ 886</u>	<u>\$ -</u>

EXHIBIT H-1 (Cont'd)

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives
\$ 1,091,268	\$ -	\$ (75)	\$ -	\$ (56,952)	\$ (1,546)	\$ -	\$ -
96,541	-	12,773	-	56,952	116,286	6,061	-
39,656	-	-	-	-	-	-	-
60,517	-	-	-	-	-	-	-
<u>\$ 1,287,982</u>	<u>\$ -</u>	<u>\$ 12,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,740</u>	<u>\$ 6,061</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79,042	-	11,373	-	-	102,807	5,427	-
146,204	-	-	-	-	-	-	-
-	-	1,325	-	-	11,933	634	-
78,968	-	-	-	-	-	-	-
<u>304,214</u>	<u>-</u>	<u>12,698</u>	<u>-</u>	<u>-</u>	<u>114,740</u>	<u>6,061</u>	<u>-</u>
60,517	-	-	-	-	-	-	-
923,251	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>983,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,287,982</u>	<u>\$ -</u>	<u>\$ 12,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,740</u>	<u>\$ 6,061</u>	<u>\$ -</u>

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

Data Control Codes	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 Boylan Grants Fund
ASSETS				
1110 Cash and Cash Equivalents	\$ (179,918)	\$ (5,041)	\$ 385,627	\$ 17,808
1240 Due from Other Governments	179,918	267,481	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 262,440</u>	<u>\$ 385,627</u>	<u>\$ 17,808</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ 4,370	\$ 538
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	-	262,440	-	-
2200 Accrued Expenditures	-	-	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>262,440</u>	<u>4,370</u>	<u>538</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	17,270
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	381,257	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>381,257</u>	<u>17,270</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 262,440</u>	<u>\$ 385,627</u>	<u>\$ 17,808</u>

482	499	Total
CATE	Other Local	Nonmajor
Fund	Special	Governmental
Fund	Revenue Funds	Funds
\$ 5,000	\$ 1,830	\$ 1,257,216
-	-	890,584
-	-	39,656
-	-	60,517
<u>\$ 5,000</u>	<u>\$ 1,830</u>	<u>\$ 2,247,973</u>
\$ -	\$ -	\$ 4,908
-	-	336,749
-	-	408,644
-	-	29,579
-	-	78,968
-	-	<u>858,848</u>
-	-	60,517
-	-	923,251
5,000	1,830	24,100
-	-	381,257
<u>5,000</u>	<u>1,830</u>	<u>1,389,125</u>
<u>\$ 5,000</u>	<u>\$ 1,830</u>	<u>\$ 2,247,973</u>

LINDALE 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	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	729,541	772,401	9,121	75,639
5020 Total Revenues	729,541	772,401	9,121	75,639
EXPENDITURES:				
Current:				
0011 Instruction	679,580	414,243	9,121	49,801
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	35,000	358,158	-	-
0033 Health Services	-	-	-	12,149
0034 Student (Pupil) Transportation	-	-	-	13,689
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	14,961	-	-	-
6030 Total Expenditures	729,541	772,401	9,121	75,639
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives
\$ 839,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,487	-	-	-	-	-	-	-
1,737,820	45,819	122,631	19,127	1,021,816	1,347,057	68,745	-
2,588,719	45,819	122,631	19,127	1,021,816	1,347,057	68,745	-
-	45,819	122,631	19,127	1,021,816	852,474	16,171	135
-	-	-	-	-	-	-	-
-	-	-	-	-	176,851	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	82,872	-	-
-	-	-	-	-	234,860	-	-
-	-	-	-	-	-	-	-
2,486,766	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	52,574	-
-	-	-	-	-	-	-	-
2,486,766	45,819	122,631	19,127	1,021,816	1,347,057	68,745	135
101,953	-	-	-	-	-	-	(135)
881,815	-	-	-	-	-	-	135
\$ 983,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINDALE 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	410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	481 Boylan Grants Fund
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 370,448	\$ 13,869
5800 State Program Revenues	281,742	267,481	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	281,742	267,481	370,448	13,869
EXPENDITURES:				
Current:				
0011 Instruction	281,742	350	220,055	17,140
0012 Instructional Resources and Media Services	-	-	11,992	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	200	-
0023 School Leadership	-	-	5,437	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	1,501	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	19,394	-
0041 General Administration	-	-	8,304	-
0051 Facilities Maintenance and Operations	-	-	146	-
0052 Security and Monitoring Services	-	267,481	3,049	-
0061 Community Services	-	-	8,743	-
6030 Total Expenditures	281,742	267,831	278,821	17,140
1200 Net Change in Fund Balance	-	(350)	91,627	(3,271)
0100 Fund Balance - September 1 (Beginning)	-	350	289,630	20,541
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 381,257	\$ 17,270

482	499	Total
CATE	Other Local	Nonmajor
Fund	Special	Governmental
	Revenue Funds	Funds
\$ -	\$ 393	\$ 1,224,122
-	-	560,710
-	-	5,949,717
-	393	7,734,549
(576)	-	3,749,629
-	-	11,992
-	-	176,851
-	-	200
-	-	88,309
-	-	628,018
-	-	12,149
-	-	15,190
-	-	2,486,766
-	-	19,394
-	-	8,304
-	-	146
-	-	323,104
-	393	24,097
(576)	393	7,544,149
576	-	190,400
4,424	1,830	1,198,725
\$ 5,000	\$ 1,830	\$ 1,389,125

REQUIRED T.E.A. SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.080000	0.355000	1,208,876,794
2016	1.080000	0.320000	1,224,077,071
2017	1.080000	0.310000	1,299,271,080
2018	1.080000	0.310000	1,357,867,664
2019	1.080000	0.310000	1,433,901,500
2020	1.010000	0.350000	1,563,828,428
2021	0.928000	0.330000	1,728,546,020
2022	0.902000	0.290000	1,906,562,668
2023 (School year under audit)	0.934600	0.235000	2,177,494,357
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
\$ 145,459	\$ -	\$ 14,857	\$ 3,920	\$ (3,273)	\$ 123,409
23,630	-	976	363	(180)	22,111
28,327	-	3,613	1,185	(2,561)	20,968
52,512	-	6,769	2,220	(3,502)	40,021
45,637	-	7,553	2,243	(1,911)	33,930
63,037	-	12,219	3,629	418	47,607
79,905	-	16,539	5,881	1,896	59,381
124,394	-	25,953	9,228	(11,655)	77,558
296,066	-	(15,764)	(5,068)	(193,403)	123,495
-	25,467,974	19,932,844	5,011,273	(124,607)	399,250
<u>\$ 858,967</u>	<u>\$ 25,467,974</u>	<u>\$ 20,005,559</u>	<u>\$ 5,034,874</u>	<u>\$ (338,778)</u>	<u>\$ 947,730</u>
		<u>\$ 11,253</u>			

LINDALE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - FOOD 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	\$ 650,000	\$ 850,000	\$ 839,412	\$ (10,588)
5800 State Program Revenues	9,000	9,000	11,487	2,487
5900 Federal Program Revenues	1,531,000	1,689,719	1,737,820	48,101
5020 Total Revenues	2,190,000	2,548,719	2,588,719	40,000
EXPENDITURES:				
Current:				
0035 Food Services	2,190,000	2,509,878	2,486,766	23,112
6030 Total Expenditures	2,190,000	2,509,878	2,486,766	23,112
1200 Net Change in Fund Balances	-	38,841	101,953	63,112
0100 Fund Balance - September 1 (Beginning)	881,815	881,815	881,815	-
3000 Fund Balance - August 31 (Ending)	\$ 881,815	\$ 920,656	\$ 983,768	\$ 63,112

LINDALE 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	\$ 5,074,845	\$ 5,274,845	\$ 5,236,194	\$ (38,651)
5800 State Program Revenues	117,946	292,946	327,166	34,220
5020 Total Revenues	5,192,791	5,567,791	5,563,360	(4,431)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	3,320,000	3,320,000	3,320,000	-
0072 Interest on Long-Term Liabilities	2,285,154	2,285,154	2,284,284	870
0073 Bond Issuance Cost and Fees	10,000	10,000	1,800	8,200
6030 Total Expenditures	5,615,154	5,615,154	5,606,084	9,070
1200 Net Change in Fund Balances	(422,363)	(47,363)	(42,724)	4,639
0100 Fund Balance - September 1 (Beginning)	2,555,382	2,555,382	2,555,382	-
3000 Fund Balance - August 31 (Ending)	\$ 2,133,019	\$ 2,508,019	\$ 2,512,658	\$ 4,639

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

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$2,887,962
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$1,582,159
<hr/>		

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$103,143
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	\$171,159
<hr/>		

**COMPLIANCE, INTERNAL CONTROL, AND
FEDERAL AWARDS SECTION**



**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***

Independent Auditor's Report

Board of Trustees
Lindale Independent School District
505 Pierce Street
Lindale, TX 75771

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lindale 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, and have issued our report thereon dated January 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lindale 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

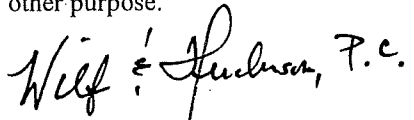
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Wilf & Henderson, P.C." with a stylized flourish at the end.

WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

January 2, 2024



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

Independent Auditor's Report

Board of Trustees
Lindale Independent School District
505 Pierce Street
Lindale, TX 75771

Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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 the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

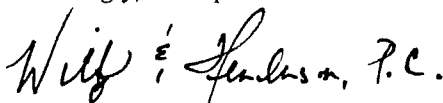
Report on Internal Control Over Compliance

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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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



WILF & HENDERSON, P.C.
Certified Public Accountants
Texarkana, Texas

January 2, 2024

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

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Lindale Independent School District was an unmodified opinion.
- b. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the report on internal control over financial reporting and on compliance and other matters required by the GAO's *Government Auditing Standards*.
- c. No instance of noncompliance material to the financial statements of the Lindale Independent School District was disclosed during the audit.
- d. No significant deficiency or material weakness relating to the audit of the major federal award programs are reported in the report on internal control over compliance required by Uniform Guidance.
- e. The type of report the auditor issued on compliance for major programs was an unmodified opinion.
- f. No audit findings relative to the major federal awards programs were disclosed by the audit that were required to be reported under 2 CFR 200.516(a).
- g. The program tested as major programs was:

COVID-19 Elementary & Secondary School Emergency Relief Fund II	ALN 84.425D
COVID-19 Elementary & Secondary School Emergency Relief Fund III	ALN 84.425U
School Breakfast Program	ALN 10.553
National School Lunch Program – Cash Assistance	ALN 10.555
National School Lunch Program – Non-Cash Assistance	ALN 10.555
COVID-19 Supply Chain Assistance Grant	ALN 10.555

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. Lindale Independent School District was determined to be a low-risk auditee.

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

No findings were required to be reported.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f above.

No findings were required to be reported.

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

There were no prior year audit findings or questioned costs.

**LINDALE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2023**

There were no current year audit findings or questioned costs.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23 - 610101212903	\$ 680,666
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24 - 610101212903	59,936
Total Assistance Listing Number 84.010			740,602
*IDEA - Part B, Formula	84.027	23 - 6600012129036000	695,082
*IDEA - Part B, Formula	84.027	24 - 6600012129036000	92,965
*IDEA - Part B, Discretionary	84.027	23 - 66002306	75,639
Total Assistance Listing Number 84.027			863,686
*IDEA - Part B, Preschool	84.173	23 - 6610012129036000	8,235
*IDEA - Part B, Preschool	84.173	24 - 6610012129036000	886
Total Assistance Listing Number 84.173			9,121
Total Special Education Cluster (IDEA)			872,807
Career and Tehnical - Basic Grant	84.048	23 - 420006212903	45,819
Title III, Part A - English Language Acquisition	84.365A	23 - 671001212903	19,127
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23 - 694501212903	112,379
ESEA, Title II, Part A, Teacher Principal Training	84.367A	24 - 694501212903	12,698
Total Assistance Listing Number 84.367			125,077
COVID-19 - Elementary Secondary School Emergency Relief II	84.425D	21 - 521001212903	1,146,415
COVID-19 - Elementary Secondary School Emergency Relief III	84.425U	21 - 528001212903	1,426,421
Total Assistance Listing Number 84.425			2,572,836
Title IV, Part A, Subpart 1	84.424A	23 - 680101212903	62,684
Title IV, Part A, Subpart 1	84.424A	24 - 680101212903	6,061
Total Assistance Listing Number 84.424			68,745
Total Passed Through Texas Education Agency			4,445,013
TOTAL U.S. DEPARTMENT OF EDUCATION			4,445,013
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	315,374
*National School Lunch Program - Cash Assistance	10.555	N/A	1,223,780
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	216,653
*COVID-19 - Supply Chain Assistance Grant	10.555	N/A	152,376
Total Assistance Listing Number 10.555			1,592,809
Total Child Nutrition Cluster			1,908,183
Total Passed Through the Texas Department of Agriculture			1,908,183
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,908,183
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 6,353,196
*Clustered Programs per Compliance Supplement 2023			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**LINDALE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE 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. Generally, unused balances are returned to the grantor at the close of specified project periods.
- 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 deferred revenues until earned.

- 3 The District has elected to not use the 10% de minimum indirect cost rate as allowed under the Uniform Guidance.
- 4 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 pass-through entity may approved extensions when requested and justified by the non-Federal entity, as applicable. (2 CFR 200.34(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))

- 5 The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, Uniform Guidance.
- 6 Nonmonetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expense are reported in the Food Service Special Revenue Fund.
- 7 Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- 8 A reconciliation of federal program revenues and expenditures is as follows:

General Fund	\$ 1,226,362
Other Special Revenue Funds	<u>5,949,717</u>
Sub-total	7,176,079
Less Medicaid Arrangements Payments:	
SSA - School Health & Related Services (SHARS)	<u>(822,883)</u>
 Total Federal Program Expenditures	 \$ <u>6,353,196</u>

SCHOOLS FIRST QUESTIONNAIRE

Lindale Independent School District

Fiscal Year 2023

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If there was a warrant hold not cleared in 30 days, then not timely.)	Yes
SF4	Was the school district issued a warrant hold? (Yes even if cleared within 30 days.)	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$998,232