LUFKIN
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2022

Introductory Section

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Lufkin Independent School District
Annual Financial Report
For The Year Ended August 31, 2022

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CERTIFICATE OF BOARD

Lufkin Independent School District	Angelina	003-903
Name of School District	County	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, 2022, at a meeting of the board of trustees of such school district on the 19th day of January, 2023.

Allyson Langston
Signature of Board Secretary

Signature of Board President

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

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Financial Section

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Glenda J. Hiers, CPA
Richard A. Rudel, CPA
Yvette Sidnell, CPA
Jennifer L. Webster, CPA
Susan L. Murrell, CPA
Brenda A. Johnson

ALEXANDER LANKFORD & HIERS, INC.
Certified Public Accountants, A Professional Corporation

4000 S. Medford Drive
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Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lufkin Independent School District
Lufkin, Texas

Report on the Audit of Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lufkin Independent School District as of August 31, 2022 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.

Change in Accounting Principle

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

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Report on the Audit of Financial Statements - Continued

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lufkin Independent School District's ability to continue as a going concern for twelve months beyond the financial statements 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.

Report on the Audit of Financial Statements – Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 6 through 15 and 54 through 64 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lufkin Independent School District's basic financial statements. The introductory and other supplementary information sections, which include the 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 introductory and other supplementary information sections, including the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Alexander, Lankford + Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
January 13, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lufkin Independent School District's (District's) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2022. 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 $21,599,347 at August 31, 2022.

During the year, the District's expenses were $6,917,057 less than the $113,734,651 generated in taxes and other revenues for governmental and business-type activities.

The total cost of the District's programs was $106,817,594, which is $811,733 lower than the prior year.

As of the close of the current fiscal year, the District's general fund reported a fund balance of $32,332,000, a decrease of $1,272,681.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, *management's discussion and analysis* (this section), the *basic financial statements*, and *required 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 funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

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.

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 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.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Figure A-1

Major Features of the District's Government-Wide and Fund Financial Statements				
		Fund Statements		
Type of Statements	Government-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	The activities the District operates that are similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Fund Net Position	Statement of Changes in Fiduciary Net Position
			Statement of Cash Flows	
Accounting basis and measurement focus	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
Type of asset/deferred outflows of resources and liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Only assets and deferred outflows of resources expected to be used up and only liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	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 Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements of the District include the governmental activities and business-type activities. Most of the District's basic services are included in the governmental activities, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

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

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

The government-wide financial statements are referenced as Exhibits A-1 and B-1 in this report.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year. These funds are reported using the *modified accrual* basis of accounting, which requires the recognition of revenue when earned, only so long as the funds are collected within the period or soon enough afterwards to be used to pay liabilities of the current period. Such information may be useful in evaluating a government's near-term financing requirements.

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

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for each major fund of the District. All other funds are combined into a single, aggregated presentation. The District adopts an annual budget for the general fund, the National School Breakfast and Lunch Program special revenue fund, the debt service fund and the Construction capital projects fund.

The basic governmental funds financial statements are referenced as Exhibits C-1, C-1R, C-2, and C-3 in this report.

Proprietary Funds

The District maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District uses enterprise funds to account for its broadcasting and advertising services as well as sports facilities rental and gym fundraising. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses an internal service fund to account for its print shop at Lufkin High School. Because this service benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Proprietary Funds - Continued

Proprietary funds statements provide the same type of information as the government-wide financial statements only in more detail. The basic proprietary funds financial statements are referenced as Exhibits D-1 through D-3.

Fiduciary Funds

Fiduciary funds are used to account for assets and activities when the District is functioning as a trustee or an agent, *fiduciary*, for another party. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Custodial funds account for resources held for the benefit of students. Those funds are not reflected in the District's government-wide financial statements because the resources of the funds are not available to support the District's own operations. The fiduciary fund statements are referenced as Exhibits E-1 and E-2.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements and government-wide statements. The notes to financial statements immediately follow the basic financial statements in this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget information and the cost-sharing multiple-employer pension and OPEB plans in which the District participates. The required supplementary information is referenced as Exhibits G-1 through G-5, and the associated notes immediately follow the exhibits in this report.

The other supplementary information other than RSI that is included in this report immediately follows the required supplementary information and includes the combining statements for nonmajor governmental funds, budgetary comparison schedule for funds that the District adopts an annual budget that are not required to be presented as RSI and schedules that the Texas Education Agency requires to be included.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's combined net position was $21,599,347 at August 31, 2022.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

The following table (A-1) reflects the condensed Statement of Net Position.

Table A-1

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 62,630,774	$ 74,834,812	$ 69,724	$ 21,616	$ 62,700,498	$ 74,856,428
Capital assets	130,541,293	110,717,616			130,541,293	110,717,616
Total assets	193,172,067	185,552,428	69,724	21,616	193,241,791	185,574,044
Deferred outflows of resources	14,660,003	16,149,818			14,660,003	16,149,818
Long-term liabilities	145,674,490	153,340,117			145,674,490	153,340,117
Other liabilities	11,209,902	13,608,574	1,723	113	11,211,625	13,608,687
Total liabilities	156,884,392	166,948,691	1,723	113	156,886,115	166,948,804
Deferred inflows of resources	29,416,332	21,214,154			29,416,332	21,214,154
Net position:						
Net investment in capital assets	48,997,437	46,065,501			48,997,437	46,065,501
Restricted	17,470,809	26,155,105			17,470,809	26,155,105
Unrestricted	(44,936,900)	(58,681,205)	68,001	21,503	(44,868,899)	(58,659,702)
Total net position	$ 21,531,346	$ 13,539,401	$ 68,001	$ 21,503	$ 21,599,347	$ 13,560,904

- The net investment in capital assets portion of net position reflects the District's investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. Those capital assets are used to provide services to students; consequently, these assets are not available for future spending.

- The restricted net position represents resources that are subject to external restriction on how they may be used.

- The deficit of $(44,936,900) in unrestricted net position is primarily due to reporting the net pension and OPEB liabilities in accordance with GASB 68 and GASB 75. Those liabilities are reported in the governmental activities; however, the actual liabilities do not require the use of current resources at the fund level.

- At the end of the current fiscal year, the District is able to report a positive balance in two categories of net position.

Analysis of the District's Operations

The following table (A-2) provides a summary of the District's operations for the year ended August 31, 2022. Governmental activities and business-type activities increased the District's net position by $6,870,559 and $46,498, respectively.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

Analysis of the District's Operations - Continued

Table A-2

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for services	$ 832,511	$ 407,019	$ 346,921	$ 114,000	$ 1,179,432	$ 521,019
Operating grants and contributions	30,787,771	27,023,589			30,787,771	27,023,589
General Revenues:						
Property taxes	36,940,051	35,909,852			36,940,051	35,909,852
State aid	44,204,711	44,880,111			44,204,711	44,880,111
Investment earnings	362,062	101,482			362,062	101,482
Miscellaneous	240,604	70,582	20,020		260,624	70,582
Transfers	20,000		(20,000)			
Total revenues	113,387,710	108,392,635	346,941	114,000	113,734,651	108,506,635
Expenses:						
Instruction, instructional resources & media services	55,607,278	56,005,135			55,607,278	56,005,135
Curriculum & staff development	3,960,557	3,993,579			3,960,557	3,993,579
Instructional leadership	2,872,667	2,258,761			2,872,667	2,258,761
School leadership	6,899,825	5,689,894			6,899,825	5,689,894
Guidance, counseling & evaluation services	3,312,761	3,320,323			3,312,761	3,320,323
Social work services	80,914	151,661			80,914	151,661
Health services	1,099,902	1,070,423			1,099,902	1,070,423
Student transportation	3,025,612	2,584,865			3,025,612	2,584,865
Food service	5,371,786	5,038,551			5,371,786	5,038,551
Cocurricular/extracurricular activities	2,455,630	1,925,485			2,455,630	1,925,485
General administration	3,391,230	2,785,545			3,391,230	2,785,545
Facilities maintenance & operations	9,603,298	14,496,870			9,603,298	14,496,870
Security & monitoring services	1,570,787	1,590,646			1,570,787	1,590,646
Data processing services	2,898,825	2,421,742			2,898,825	2,421,742
Community services	109,010	44,049			109,010	44,049
Interest on long-term debt	3,005,913	3,000,390			3,005,913	3,000,390
Bond issuance costs & fees	275,901	183,275			275,901	183,275
Facilities acquisition & construction	2,199	14,169			2,199	
Payments related to SSA	319,202	313,824			319,202	313,824
Other intergovernmental charges	653,854	642,126			653,854	642,126
Panther broadcasting			108,841	112,183	108,841	112,183
Panther advertising			71,717		71,717	
Sport facilities rentals			119,885		119,885	
Total expenses	106,517,151	107,531,313	300,443	112,183	106,817,594	107,629,327
Change in net position	6,870,559	861,322	46,498	1,817	6,917,057	863,139
Net position, beginning of year	13,539,401	12,678,079	21,503	19,686	13,560,904	12,697,765
Prior period adjustment	1,121,386				1,121,386	
Net position, beginning restated	14,660,787	$ 12,678,079	$ 21,503	$ 19,686	$ 14,682,290	$ 12,697,765
Net position, end of year	$ 21,531,346	$ 13,539,401	$ 68,001	$ 21,503	$ 21,599,347	$ 13,560,904

GOVERNMENT-WIDE FINANCIAL ANALYSIS - CONTINUED

Analysis of the District's Operations - Continued

The District's total revenues were $113,734,651. A portion, thirty-two percent, of the District's revenue comes from taxes. Thirty-nine percent comes from state aid, while one percent relates to charges for services. Governmental activities account for more than ninety-nine percent of the District's revenue.

The cost of all governmental activities this year was $106,517,151. However, the amount that our taxpayers paid for these activities through property taxes was only $36,940,051. Those who directly benefitted from the programs paid $1,179,432 and grants and contributions paid $30,787,771.

Business-type activities total revenue and total expenses were each less than one percent of the District's total revenues and total expenses. These activities increased net position by $46,498.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental funds

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $49,802,809. Less than one percent of the total is considered nonspendable because it is not in spendable form. Thirty-five percent or $17,457,739 of this total is restricted due to external limitations on its use. Twenty-seven percent, $13,370,786, is committed or assigned meaning there are limitations resulting from its intended use. The uses are for construction and capital equipment, reading academies, the purchase of new furniture and a budgeted deficit in the general fund for fiscal year 2023. Thirty-eight percent or $18,920,040 is unassigned.

The general fund is the main operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $18,920,040, while total fund balance was $32,332,000. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents twenty-three percent of total general fund expenditures, while total fund balance represents thirty-nine percent of that same amount.

Revenues from governmental fund types totaled $111,496,605, an increase of four percent from the preceding year. This increase is primarily due an increase in federal revenues. The federal revenues increase is due to increased spending of the monies received as part of the COVID-19 stimulus funding.

The debt service fund has a total fund balance of $1,357,813, all of which is restricted for the payment of debt service. The District makes semi-annual debt service payments in February and August of each year. The fund balance increased by $519,499 which is primarily due to an increase in tax revenue, as well as funding received due to property value study audits of prior years and unanticipated EDA funds.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS - CONTINUED

Governmental funds - Continued

The major capital projects fund has total fund balance of $13,336,463 which is restricted for construction. The decrease in fund balance of $10,019,128 is primarily due to expenditures associated with capital projects of $19,639,755 and the issuance of $9,420,000 of bonds during the year.

Proprietary Funds

The District's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the enterprise funds amounted to $68,001 which was an increase of $46,498. This increase is primarily due to the addition of two enterprise funds for advertising and facilities rentals.

The internal service fund reflects the activities of the print shop at the high school. Net position for this fund was $0 at August 31, 2022 which was a decrease of $7,960 due to the District discontinuing the use of the internal service fund.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Differences between the original budget and the final amended budget were significant for expenditures ($7,883,929 increase for expenditures). The increase in expenditures is primarily due to increases of $1,438,004, $1,397,027, and $2,821,459 in plant maintenance and operations, data processing services and facilities acquisition and construction. The increase in plant maintenance and operations was the result of increased costs and unexpected equipment purchases. The increase in data processing services was primarily due to the cyber attack cleanup and restoration costs. The increase in facilities acquisition and construction is primarily due to including some bond costs outside the GMP a well as the paving and restroom projects.

Differences between the actual results and the final amended budget were significant for revenues and expenditures ($1,486,229 increase in actual revenues and $3,727,903 decrease in actual expenditures). The increase in actual revenues is due to a decrease in state revenues of $1,114,530 and increases in local and intermediate sources of $800,492 and federal revenues of $1,800,267. The decrease in expenditures is primarily a result of decreases of $420,523, $398,260, and $2,004,890 in instruction, guidance, counseling and evaluation services, and plant maintenance and operations, respectively. The increase in local and intermediate sources is the result of greater tax collection than anticipated. The decrease in state revenues is due to ADA being lower than anticipated. The increase in federal revenues is due to more SHARS funds received than anticipated. The decreases in instruction and guidance, counseling and evaluation services are primarily due to positions budgeted for that were not filled. The decrease in plant maintenance and operations primarily relates to budgeting for projects when the work started, but not completing the projects before year end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the District had invested $210,166,445 in a broad range of capital assets, including land, buildings, vehicles, furniture and equipment and construction in progress. (See Table A-3). This amount represents a net increase (including additions and deductions) of $24,202,810, or thirteen percent from last year. This increase is primarily due to bond projects that are complete that were capitalized and continued construction on the middle school that was not complete at year end.

Table A-3 **DISTRICT'S CAPITAL ASSETS**

	2022	2021
Land	$ 2,362,483	$ 2,362,483
Buildings and improvements	149,309,604	134,360,849
Furniture and equipment	15,511,318	15,267,996
Construction in progress	41,565,786	33,972,307
Right-to-use assets - equipment	1,417,254	
Totals at historical cost	210,166,445	185,963,635
Total accumulated depreciation/amortization	(79,625,152)	(75,246,019)
Net capital assets	$ 130,541,293	$ 110,717,616

The District expects to continue major improvements to the District utilizing the capital projects funds in fiscal year 2023. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Obligations

At year end, the District had $103,582,702 of long-term obligations outstanding as shown in Table A-4. More detailed information about the District's long-term obligations is presented in the notes to the financial statements.

Table A-4 **DISTRICT'S LONG-TERM OBLIGATIONS**

	2022	2021
General obligation bonds	$ 97,685,000	$ 92,405,000
Tax maintenance notes	4,275,000	4,710,000
Capital leases		1,833,621
Leases payable	950,519	
Financed purchases	237,183	
Total long-term obligations	$ 103,147,702	$ 98,948,621

The District's net bond obligations increased by six percent from the prior year primarily as a result of issuing the remaining $9,420,000 of bonds from the previous bond election during the year. The District implemented GASB Statement No. 87, *Leases*, effective September 1, 2021. As a result of the implementation, the capital leases were categorized as leases payable or financed purchases. Financed purchases are not within the scope of that statement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Appraised property tax value used for the 2023 budget preparation was up from 2022. General operating fund spending per student increased in the 2023 budget. The District's 2023 refined average daily attendance is expected to increase.

These indicators were taken into account when adopting the general fund budget for 2023. Revenue amounts available for appropriation in the general fund budget were $78,084,408, a decrease of two percent from the final 2022 budget of $79,602,771.

Expenditures for the general fund were budgeted at $82,447,891, a decrease of five percent from the final 2022 budget of $86,692,131. The District has not added or removed any programs or initiatives in the 2023 budget.

If these estimates are realized, the District's budgetary general fund balance is expected to decrease by $4,363,483.

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 information, contact the District's Business Services Department.

Basic Financial Statements

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LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
AUGUST 31, 2022

Data Control Codes		1 Governmental Activities	2 Business-type Activities	3 Total
	ASSETS:			
1110	Cash and Cash Equivalents	$ 49,559,055	$ --	$ 49,559,055
1225	Property Taxes Receivable, Net	1,765,342	--	1,765,342
1240	Due from Other Governments	11,166,439	--	11,166,439
1260	Internal Balances	(49,991)	49,991	--
1290	Other Receivables, Net	135,685	19,733	155,418
1300	Inventories	45,653	--	45,653
1410	Prepaid Items	8,591	--	8,591
	Capital Assets:			
1510	Land	2,362,483	--	2,362,483
1520	Buildings and Improvements, Net	82,368,522	--	82,368,522
1530	Furniture and Equipment, Net	3,348,644	--	3,348,644
1550	Right-to-Use Assets, Net	895,858	--	895,858
1580	Construction in Progress	41,565,786	--	41,565,786
1000	Total Assets	193,172,067	69,724	193,241,791
	DEFERRED OUTFLOWS OF RESOURCES:			
	Deferred Charge on Refunding	1,079,134	--	1,079,134
	Deferred Outflows Related to Pensions	7,222,013	--	7,222,013
	Deferred Outflows Related to OPEB	6,358,856	--	6,358,856
1700	Total Deferred Outflows of Resources	14,660,003	--	14,660,003
	LIABILITIES:			
2110	Accounts Payable	3,934,327	1,723	3,936,050
2140	Interest Payable	147,279	--	147,279
2165	Accrued Liabilities	5,749,387	--	5,749,387
2180	Due to Other Governments	1,185,274	--	1,185,274
2300	Unearned Revenue	193,635	--	193,635
	Noncurrent Liabilities:			
2501	Due Within One Year	5,124,080	--	5,124,080
2502	Due in More Than One Year	104,112,437	--	104,112,437
2540	Net Pension Liability	11,082,164	--	11,082,164
2545	Net OPEB Liability	25,355,809	--	25,355,809
2000	Total Liabilities	156,884,392	1,723	156,886,115
	DEFERRED INFLOWS OF RESOURCES:			
	Deferred Inflows Related to Pensions	11,780,063	--	11,780,063
	Deferred Inflows Related to OPEB	17,636,269	--	17,636,269
2600	Total Deferred Inflows of Resources	29,416,332	--	29,416,332
	NET POSITION:			
3200	Net Investment in Capital Assets	48,997,437	--	48,997,437
	Restricted For:			
3820	State and Federal Programs	2,046,184	--	2,046,184
3850	Debt Service	1,357,813	--	1,357,813
3860	Capital Projects	13,336,463	--	13,336,463
3870	Campus Activities	223,827	--	223,827
3890	Other Purposes	506,522	--	506,522
3900	Unrestricted	(44,936,900)	68,001	(44,868,899)
3000	Total Net Position	$ 21,531,346	$ 68,001	$ 21,599,347

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues Charges for Services	4 Program Revenues Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	$ 54,747,547	$ 442,023	$ 11,880,030
12	Instructional Resources and Media Services	859,731	57,938	61,900
13	Curriculum and Staff Development	3,960,557	10,788	2,030,548
21	Instructional Leadership	2,872,667	12,317	1,262,573
23	School Leadership	6,899,825	42,642	1,245,266
31	Guidance, Counseling, and Evaluation Services	3,312,761	14,401	711,487
32	Social Work Services	80,914	--	78,054
33	Health Services	1,099,902	4,179	343,095
34	Student Transportation	3,025,612	15,564	185,816
35	Food Service	5,371,786	94,613	6,097,852
36	Cocurricular/Extracurricular Activities	2,455,630	51,582	176,227
41	General Administration	3,391,230	18,451	199,029
51	Facilities Maintenance and Operations	9,603,298	44,688	1,355,122
52	Security and Monitoring Services	1,570,787	8,059	108,963
53	Data Processing Services	2,898,825	15,095	129,913
61	Community Services	109,010	171	77,485
72	Interest on Long-term Debt	3,005,913	--	228,740
73	Bond Issuance Costs and Fees	275,901	--	--
81	Facilities Acquisition and Construction	2,199	--	4,296,580
93	Payments Related to Shared Services Arrangements	319,202	--	319,091
99	Other Intergovernmental Charges	653,854	--	--
TG	Total Governmental Activities	106,517,151	832,511	30,787,771
	Business-type Activities:			
01	Panther Broadcasting	108,841	92,000	--
02	Panther Advertising	71,717	111,750	--
03	Sport Facilities Rentals	119,885	143,171	--
TB	Total Business-type Activities	300,443	346,921	--
TP	Total Primary Government	$ 106,817,594	$ 1,179,432	$ 30,787,771

	General Revenues:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
IE	Investment Earnings
GC	Grants and Contributions Not Restricted to Specific Programs
MI	Miscellaneous
FR	Transfers
TR	Total General Revenues and Transfers
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
	Net Position - Beginning, as Restated
NE	Net Position - Ending

The accompanying notes are an integral part of this statement.

6	7	8
Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (42,425,494)		$ (42,425,494)
(739,893)		(739,893)
(1,919,221)		(1,919,221)
(1,597,777)		(1,597,777)
(5,611,917)		(5,611,917)
(2,586,873)		(2,586,873)
(2,860)		(2,860)
(752,628)		(752,628)
(2,824,232)		(2,824,232)
820,679		820,679
(2,227,821)		(2,227,821)
(3,173,750)		(3,173,750)
(8,203,488)		(8,203,488)
(1,453,765)		(1,453,765)
(2,753,817)		(2,753,817)
(31,354)		(31,354)
(2,777,173)		(2,777,173)
(275,901)		(275,901)
4,294,381		4,294,381
(111)		(111)
(653,854)		(653,854)
(74,896,869)		(74,896,869)
--	$ (16,841)	(16,841)
--	40,033	40,033
--	23,286	23,286
--	46,478	46,478
(74,896,869)	46,478	(74,850,391)
29,272,509	--	29,272,509
7,667,542	--	7,667,542
362,062	--	362,062
44,204,711	--	44,204,711
240,604	20,020	260,624
20,000	(20,000)	--
81,767,428	20	81,767,448
6,870,559	46,498	6,917,057
13,539,401	21,503	13,560,904
1,121,386	--	1,121,386
14,660,787	21,503	14,682,290
$ 21,531,346	$ 68,001	$ 21,599,347

LUFKIN INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes		10 General Fund	ESSER III of the ARP Act
	ASSETS:		
1110	Cash and Cash Equivalents	$ 29,422,085	$ --
1225	Taxes Receivable, Net	1,482,211	--
1240	Due from Other Governments	4,697,935	3,320,676
1260	Due from Other Funds	5,779,700	--
1290	Other Receivables, Net	104,059	--
1300	Inventories	32,583	--
1410	Prepaid Items	8,591	--
1000	Total Assets	41,527,164	3,320,676
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	$ 1,075,946	$ 64,627
2120	Short-Term Debt Payable	33,278	--
2150	Payroll Deductions and Withholdings	3,763	--
2160	Accrued Wages Payable	4,042,922	--
2170	Due to Other Funds	1,250,000	3,255,452
2180	Due to Other Governments	1,185,274	--
2200	Accrued Expenditures	88,700	--
2300	Unearned Revenue	33,070	597
2000	Total Liabilities	7,712,953	3,320,676
	DEFERRED INFLOWS OF RESOURCES:		
	Unavailable Property Tax Revenue	1,482,211	--
2600	Total Deferred Inflows of Resources	1,482,211	--
	FUND BALANCES:		
	Nonspendable Fund Balances:		
3410	Inventories	32,583	--
3430	Prepaid Items	8,591	--
	Restricted Fund Balances:		
3450	Federal/State Funds Grant Restrictions	--	--
3470	Capital Acquisitions and Contractual Obligations	--	--
3480	Retirement of Long-Term Debt	--	--
3490	Other Restrictions of Fund Balance	--	--
	Committed Fund Balances:		
3510	Construction	2,800,000	--
3545	Other Committed Fund Balance	980,000	--
	Assigned Fund Balances:		
3550	Construction	47,303	--
3570	Capital Expenditures for Equipment	4,000,000	--
3590	Other Assigned Fund Balance	5,543,483	--
3600	Unassigned	18,920,040	--
3000	Total Fund Balances	32,332,000	--
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 41,527,164	$ 3,320,676

The accompanying notes are an integral part of this statement.

60 Construction Fund	Other Governmental Funds	98 Total Governmental Funds
$ 17,091,663	$ 3,045,307	$ 49,559,055
--	283,131	1,765,342
--	3,147,828	11,166,439
--	1,155,831	6,935,531
--	31,626	135,685
--	13,070	45,653
--	--	8,591
17,091,663	7,676,793	69,616,296
$ 2,544,584	$ 249,170	$ 3,934,327
--	--	33,278
--	--	3,763
--	370,108	4,413,030
--	2,480,070	6,985,522
--	--	1,185,274
1,210,616	--	1,299,316
--	159,968	193,635
3,755,200	3,259,316	18,048,145
--	283,131	1,765,342
--	283,131	1,765,342
--	13,070	45,653
--	--	8,591
--	2,033,114	2,033,114
13,336,463	--	13,336,463
--	1,357,813	1,357,813
--	730,349	730,349
--	--	2,800,000
--	--	980,000
--	--	47,303
--	--	4,000,000
--	--	5,543,483
--	--	18,920,040
13,336,463	4,134,346	49,802,809
$ 17,091,663	$ 7,676,793	$ 69,616,296

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LUFKIN INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2022

Total fund balances - governmental funds balance sheet	$ 49,802,809
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:	
Capital assets used in governmental activities are not reported in the funds.	130,541,293
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,765,342
Payables for bond principal which are not due in the current period are not reported in the funds.	(97,685,000)
Payables for right-to-use leases and financed purchases which are not due in the current period are not reported in the funds.	(1,187,702)
Payables for bond interest which are not due in the current period are not reported in the funds.	(147,279)
Payables for notes which are not due in the current period are not reported in the funds.	(4,275,000)
The deferred charge for refunding is not recorded in the funds.	1,079,134
District's proportionate share of the collective net pension liability is not reported in the funds.	(11,082,164)
District's proportionate share of the collective deferred inflows of resources related to pension plans is not reported in the funds.	(11,780,063)
District's proportionate share of the collective deferred outflows of resources related to pension plans is not reported in the funds.	7,222,013
Unamortized bond premiums are reported in the SNP but not in the funds.	(6,088,815)
District's proportionate share of the net OPEB liability is not reported in the funds.	(25,355,809)
District's proportionate share of the collective deferred inflows of resources related to the OPEB plan is not reported in the funds.	(17,636,269)
District's proportionate share of the collective deferred outflows of resources related to the OPEB plan is not reported in the funds.	6,358,856
Net position of governmental activities - Statement of Net Position	$ 21,531,346

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		10 General Fund	ESSER III of the ARP Act
	REVENUES:		
5700	Local and Intermediate Sources	$ 30,024,626	$ --
5800	State Program Revenues	48,498,107	--
5900	Federal Program Revenues	2,566,267	6,446,290
5020	Total Revenues	81,089,000	6,446,290
	EXPENDITURES:		
	Current:		
0011	Instruction	43,245,705	4,934,643
0012	Instructional Resources and Media Services	755,199	17,681
0013	Curriculum and Staff Development	1,990,725	187,725
0021	Instructional Leadership	1,800,243	169,466
0023	School Leadership	5,744,656	293,881
0031	Guidance, Counseling, and Evaluation Services	2,648,069	127,125
0032	Social Work Services	4,401	1,522
0033	Health Services	767,371	76,180
0034	Student Transportation	2,857,590	44,228
0035	Food Service	--	90,907
0036	Cocurricular/Extracurricular Activities	2,406,868	5,419
0041	General Administration	3,224,927	35,496
0051	Facilities Maintenance and Operations	8,233,593	98,945
0052	Security and Monitoring Services	1,472,549	28,880
0053	Data Processing Services	3,040,689	13,468
0061	Community Services	26,270	--
0071	Principal on Long-term Debt	1,368,535	--
0072	Interest on Long-term Debt	127,822	--
0073	Bond Issuance Costs and Fees	--	--
0081	Facilities Acquisition and Construction	2,595,162	1,522
0093	Payments to Shared Service Arrangements	--	319,202
0099	Other Intergovernmental Charges	653,854	--
6030	Total Expenditures	82,964,228	6,446,290
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	(1,875,228)	--
	Other Financing Sources and (Uses):		
7911	Issuance of Bonds	--	--
7913	Issuance of Leases	295,869	--
7915	Transfers In	20,000	--
7916	Premium or Discount on Issuance of Bonds	--	--
7949	Insurance Recoveries	323,449	--
8911	Transfers Out	(36,771)	--
7080	Total Other Financing Sources and (Uses)	602,547	--
1200	Net Change in Fund Balances	(1,272,681)	--
0100	Fund Balances - Beginning	33,604,681	--
3000	Fund Balances - Ending	$ 32,332,000	$ --

The accompanying notes are an integral part of this statement.

60 Construction Fund	Other Governmental Funds	98 Total Governmental Funds
$ 120,628	$ 8,533,404	$ 38,678,658
--	984,750	49,482,857
--	14,322,533	23,335,090
120,628	23,840,687	111,496,605
--	4,688,181	52,868,529
--	50,883	823,763
--	1,706,328	3,884,778
--	820,500	2,790,209
--	633,483	6,672,020
--	432,273	3,207,467
--	75,366	81,289
--	222,631	1,066,182
--	--	2,901,818
--	5,186,949	5,277,856
--	116,700	2,528,987
--	6,745	3,267,168
--	953,227	9,285,765
--	--	1,501,429
--	--	3,054,157
--	78,136	104,406
--	4,148,253	5,516,788
--	3,337,366	3,465,188
184,734	5,588	190,322
19,639,755	167,861	22,404,300
--	--	319,202
--	--	653,854
19,824,489	22,630,470	131,865,477
(19,703,861)	1,210,217	(20,368,872)
9,420,000	--	9,420,000
--	--	295,869
--	--	20,000
264,733	124,615	389,348
--	--	323,449
--	--	(36,771)
9,684,733	124,615	10,411,895
(10,019,128)	1,334,832	(9,956,977)
23,355,591	2,799,514	59,759,786
$ 13,336,463	$ 4,134,346	$ 49,802,809

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	$	(9,956,977)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		23,126,155
The depreciation/amortization of capital assets, including right-to-use assets, used in governmental activities is not reported in the funds.		(4,379,133)
Certain property tax revenues are unavailable; therefore they are deferred inflows of resources in the funds. This is the change in these amounts this year.		118,279
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		4,140,000
Repayment of right-to-use lease principal and financed purchase principal is an expenditure in the funds but is not an expense in the SOA.		941,788
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		435,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.		(85,579)
Amount represents the (increase) decrease in accrued interest from beginning of period to end of period.		(3,439)
The net revenue (expense) of internal service funds is reported with governmental activities.		(7,960)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.		(9,420,000)
Bond premiums are reported as current resources in the funds but are amortized in the SOA. Amount represents the net of current year premiums and current year amortization expense.		73,365
Proceeds of lease payables do not provide revenue in the SOA, but are reported as current resources in the funds.		(295,869)
Pension contributions made after the measurement date, August 31, 2021 are required to be reported as deferred outflows of resources in the SOA.		2,295,850
District's recognition of its proportional share of the collective net pension expense is recorded in the SOA, but not in the funds.		(1,215,690)
OPEB contributions made after the measurement date, August 31, 2021, are required to be reported as deferred outflows of resources in the SOA.		570,545
District's recognition of its proportional share of the collective net OPEB expense is recorded in the SOA, but not in the funds.		534,224
Change in net position of governmental activities - Statement of Activities	$	6,870,559

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2022

Data Control Codes		Nonmajor Enterprise Funds	Nonmajor Internal Service Fund LHS Print Shop
	ASSETS:		
	Current Assets:		
	Receivables:		
1260	Due from Other Funds	$ 54,504	$ --
1290	Other Receivables, Net	19,733	--
	Total Current Assets	74,237	--
1000	Total Assets	74,237	--
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	1,723	--
2170	Due to Other Funds	4,513	--
	Total Current Liabilities	6,236	--
2000	Total Liabilities	6,236	--
	NET POSITION:		
3900	Unrestricted	68,001	--
3000	Total Net Position	$ 68,001	$ --

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Nonmajor Enterprise Funds	Nonmajor Internal Service Fund LHS Print Shop
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	$ 366,941	$ --
5020	Total Revenues	366,941	--
	OPERATING EXPENSES:		
6100	Payroll Costs	99,743	--
6200	Professional and Contracted Services	105,654	--
6300	Supplies and Materials	2,808	--
6400	Other Operating Costs	92,238	--
6030	Total Expenses	300,443	--
	Operating Income (Loss)	66,498	--
	NON-OPERATING REVENUES (EXPENSES):		
8951	Loss on Sale of Real and Personal Property	--	(44,731)
8030	Total Non-operating Revenues (Expenses)	--	(44,731)
	Income (Loss) before Contributions and Transfers	66,498	(44,731)
7915	Transfers In	--	36,771
8911	Transfers Out	(20,000)	--
1300	Change in Net Position	46,498	(7,960)
0100	Total Net Position - Beginning	21,503	7,960
3300	Total Net Position - Ending	$ 68,001	$ --

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Enterprise Funds		
	Other Funds	Totals	Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from User Charges	$ 330,588	$ 330,588	$ --
Cash Received from Donations	20,000	20,000	--
Cash Payments to Employees for Services	(99,743)	(99,743)	--
Cash Payments to Other Suppliers for Goods and Services	(230,845)	(230,845)	(36,771)
Net Cash Provided (Used) by Operating Activities	20,000	20,000	(36,771)
Cash Flows from Non-capital Financing Activities:			
Transfers From (To) Primary Government	(20,000)	(20,000)	36,771
Net Cash Provided (Used) by Non-capital Financing Activities	(20,000)	(20,000)	36,771
Net Increase (Decrease) in Cash and Cash Equivalents	--	--	--
Cash and Cash Equivalents at Beginning of Year	--	--	--
Cash and Cash Equivalents at End of Year	$ --	$ --	$ --
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ 66,498	$ 66,498	$ --
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Change in Assets and Liabilities:			
(Increase) in Due from Other Funds	(21,982)	(21,982)	--
(Increase) in Other Receivables, Net	(16,333)	(16,333)	--
Increase (Decrease) in Accounts Payable	1,610	1,610	(1,638)
(Decrease) in Due to Other Funds	(9,793)	(9,793)	(35,133)
Total Adjustments	(46,498)	(46,498)	(36,771)
Net Cash Provided (Used) by Operating Activities	$ 20,000	$ 20,000	$ (36,771)

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2022

Data Control Codes		Custodial Funds Student Activity
	ASSETS:	
1110	Cash and Cash Equivalents	$ 307,610
1000	Total Assets	307,610
	LIABILITIES:	
2000	Total Liabilities	--
	NET POSITION:	
3800	Restricted for Other Purposes	307,610
3000	Total Net Position	$ 307,610

The accompanying notes are an integral part of this statement.

LUFKIN INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	Custodial Funds
ADDITIONS:	
Interest Income	$ 1,884
Other Revenue - Student Activities	627,033
Total Additions	628,917
DEDUCTIONS:	
Student Activity Expense	560,960
Total Deductions	560,960
Change in Fiduciary Net Position	67,957
Net Position-Beginning of the Year	239,653
Net Position-End of the Year	$ 307,610

The accompanying notes are an integral part of this statement.

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A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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.

ESSER III of the ARP Act (ESSER III): This fund accounts for the federal stimulus funds from the Elementary and Secondary Emergency Relief (ESSER) Fund received through the American Rescue Plan (ARP) Act of 2021.

Construction Fund: This fund accounts for the construction projects of the District.

In addition, the District reports the following fund types:

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.

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

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

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The allowance for uncollectible taxes was $756,576 at August 31, 2022.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity.

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

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A capitalization threshold of $5,000 is used.

The measurement for intangible right-to-use lease assets is discussed in Note 3(i) below.

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

Asset Class	Estimated Useful Lives
Buildings and improvements	7 - 50
Furniture and equipment	5 - 20
Right-to-use assets - equipment	2 - 4

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements 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.

For the year ended August 31, 2022, the District has items that qualify for reporting as deferred outflows of resources and deferred inflows of resources. The District reports the deferred outflows and deferred inflows related to the Teacher Retirement System of Texas (TRS) net pension and net OPEB liabilities only on the government-wide Statement of Net Position. Those items are detailed in Notes K and L. The deferred charge on refundings is related to the refunding bonds issues in 2015, 2016, 2017, and 2020. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. On the governmental funds balance sheet, the unavailable property tax revenue is reported as a deferred inflow of resources. This revenue is recognized in the period in which the revenue becomes available.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is not provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, disclosure is provided to disaggregate significant balances in Note F.

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

g. Interfund Activity

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

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

i. Data Control Codes

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

j. Leases

The District is the lessee for noncancelable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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

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

--- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate.

--- The lease term includes the noncancelable period of the lease.

--- Lease payments included in the measurement of the liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

k. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

l. Net Position Flow Assumption

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

m. Fund Balance Flow Assumptions

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

4. Pensions

The fiduciary net position of the TRS pension 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 pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Other Post-Employment Benefits

The fiduciary net position of the TRS OPEB plan, known as TRS-Care, 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.

6. Implementation of New Standards

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

GASB Statement No. 87, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain leases assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation	Action Taken
None reported	Not applicable

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

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None reported	Not applicable	Not applicable

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.

1. Cash Deposits:

At August 31, 2022, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $12,244,617 and the bank balance was $13,852,994. The District's cash deposits at August 31, 2022 and during the year ended August 31, 2022, were entirely covered by FDIC insurance or by pledged collateral held by the pledging financial institution's agent bank in the District's name.

2. Investments:

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

The PFIA requires a review of investment practices and controls over investments to be performed in conjunction with the annual financial audit. The District is in substantial compliance with the requirements of the PFIA and with local policies.

The PFIA determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper, and 11) interest-bearing deposits.

The District's investments at August 31, 2022 are shown below.

Investment or Investment Type	Weighted Average Maturity	Fair Value
Cash Equivalents - Money Market Mutual Funds		
TexPool	23 days	$ 37,610,863

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

The District's investment policy does not limit its investment in public funds investment pools based on credit ratings. At August 31, 2022, the District's investment in TexPool was rated AAAm as to credit quality by Standard & Poor's.

b. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment.

The District's investment policy does not limit its investment in public funds investment pools. Weighted average maturities are noted in the table above.

Investment Accounting Policy

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

Public Funds Investment Pools

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

TexPool

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the PFIA. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members advise on the investment policy and approve any fee increases. All investments are stated at amortized cost, which approximates fair value. The stated objective of TexPool is to maintain a stable average $1.00 per unit net asset value; however, the $1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	$ 2,362,483	$ --	$ --	$ 2,362,483
Construction in progress	33,972,307	7,593,479	--	41,565,786
Total capital assets not being depreciated/amortized	36,334,790	7,593,479	--	43,928,269
Capital assets being depreciated/amortized:				
Buildings and improvements	134,360,849	14,948,755	--	149,309,604
Furniture and equipment	15,267,996	243,322		15,511,318
Right-to-use assets - equipment	--	1,417,254	--	1,417,254
Total capital assets being depreciated/amortized	149,628,845	16,609,331	--	166,238,176
Less accumulated depreciation/amortization for:				
Buildings and improvements	(63,992,873)	(2,948,209)	--	(66,941,082)
Furniture and equipment	(11,253,146)	(909,528)	--	(12,162,674)
Right-to-use assets - equipment	--	(521,396)	--	(521,396)
Total accumulated depreciation/amortization	(75,246,019)	(4,379,133)	--	(79,625,152)
Total capital assets being depreciated/amortized, net	74,382,826	12,230,198	--	86,613,024
Governmental activities capital assets, net	$ 110,717,616	$ 19,823,677	$ --	$ 130,541,293

Depreciation/amortization was charged to functions as follows:

Instruction	$ 2,331,131
Instructional Resources and Media Services	36,322
Curriculum and Staff Development	171,292
Instructional Leadership	123,029
School Leadership	294,189
Guidance, Counseling, & Evaluation Services	141,427
Social Work Services	3,584
Health Services	47,011
Student Transportation	127,950
Food Services	232,717
Extracurricular Activities	111,511
General Administration	144,059
Plant Maintenance and Operations	409,437
Security and Monitoring Services	66,203
Data Processing Services	134,667
Community Services	4,604
	$ 4,379,133

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2022, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	$ 2,479,858	Short-term advances
General Fund	ESSER III	3,255,452	Short-term advances
Nonmajor Enterprise Funds	General Fund	54,504	Short-term advances
Other Governmental Funds	General Fund	1,155,619	Short-term advances
General Fund	Nonmajor Enterprise Funds	4,513	Short-term advances
General Fund	General Fund	39,877	Short-term advances
Other Governmental Funds	Other Governmental Funds	212	Short-term advances
	Total	$ 6,990,035	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2022, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	Nonmajor Internal Service Fund	$ 36,771	Subsidize costs to close fund
Nonmajor Enterprise Funds	General Fund	20,000	Reimbursement of costs
	Total	$ 56,771	

F. Due To/Due From Other Governments

Due from other governments consisted of the following at August 31, 2022:

	General Fund	ESSER III	Other Governmental Funds	Total
Due from State - Days of Instruction	$ 4,335,213	$ --	$ --	$ 4,335,213
Due from State - Grant programs	--	3,320,676	2,965,010	6,285,686
Due from State - EDA	--	--	10,258	10,258
Due from Federal Agencies	362,722	--	172,560	535,282
Total	$ 4,697,935	$ 3,320,676	$ 3,147,828	$ 11,166,439

At August 31, 2022, due to other governments consisted of the amount due to the State for foundation of $1,185,274.

G. 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.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	$ 92,405,000	$ 9,420,000	$ 4,140,000	$ 97,685,000	$ 3,945,000
Notes from direct borrowings and direct placements	4,710,000	--	435,000	4,275,000	445,000
Total bonds and notes	97,115,000	9,420,000	4,575,000	101,960,000	4,390,000
Leases payable	1,122,073	295,869	467,423	950,519	496,897
Financed purchases	711,548	--	474,365	237,183	237,183
Unamortized bond premiums	6,162,180	389,349	462,714	6,088,815	--
Total governmental activities	$ 105,110,801	$ 10,105,218	$ 5,979,502	$ 109,236,517	$ 5,124,080

2. Bonds and Notes Payable

The following is a summary of bonds payable currently outstanding at August 31, 2022:

	Interest Rates	Maturity Date	Amount
Unlimited Tax School Building & Refunding Bonds, Series 2014	2% to 3%	2023	$ 670,000
Unlimited Tax Refunding Bonds, Series 2015	2.25% to 3.65%	2038	8,020,000
Unlimited Tax Refunding Bonds, Series 2016	2% to 4%	2039	7,985,000
Unlimited Tax Refunding Bonds, Series 2017	1.5% to 3.15%	2039	8,700,000
Unlimited Tax School Building & Refunding Bonds, Series 2018	3.125% to 5%	2043	38,455,000
Unlimited Tax School Building Bonds, Series 2020	2% to 5%	2045	24,435,000
Unlimited Tax School Building Bonds, Series 2022	2% to 5%	2045	9,420,000
Total Bonds			$ 97,685,000

In February 2022, the District issued $9,420,000 of unlimited tax school building bonds (Series 2022). The proceeds of the bonds are to be used for new and ongoing construction projects. The bonds were issued at a premium in the amount of $389,349. The interest rates of the bonds are shown in the table above.

The District's outstanding notes payable at August 31, 2022 consisted of the following:

	Interest Rates	Maturity Date	Amount
Maintenance Tax Notes, Series 2021	1% to 2%	2031	$ 4,275,000

3. Debt Service Requirements

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

	Governmental Activities			
	Bonds		Notes from Direct Borrowings and Direct Placements	
Year Ending August 31,	Principal	Interest	Principal	Interest
2023	$ 3,945,000	$ 3,326,414	$ 445,000	$ 61,000
2024	3,485,000	3,156,858	450,000	52,100
2025	3,620,000	2,997,301	460,000	43,100
2026	3,760,000	2,831,226	470,000	33,900
2027	3,900,000	2,658,756	480,000	24,500
2028-2032	22,175,000	10,836,981	1,970,000	49,500
2033-2037	26,095,000	7,000,779	--	--
2038-2042	22,380,000	2,995,489	--	--
2043-2046	8,325,000	402,055	--	--
Totals	$ 97,685,000	$ 36,205,859	$ 4,275,000	$ 264,100

4. Financed Purchases

The District entered into leases with Regions Commercial Equipment Finance, LLC. (Regions) and Dell Financial Services (Dell) in a prior year to finance the purchase of a scoreboard and technology equipment, respectively. The lease with Regions and one of the leases with Dell matured during fiscal year 2022. The remaining lease with Dell has an interest rate of 4.18%. The servers acquired with this lease did not exceed the District's capitalization threshold. At August 31, 2022, the value of the lease obligation was $237,183.

The future schedule of payments for financed purchases is as follows:

	Governmental Activities		
Year Ending August 31,	Principal	Interest	Total
2023	$ 237,183	$ 9,908	$ 247,091
Totals	$ 237,183	$ 9,908	$ 247,091

H. Leases

In prior years, the District entered into lease agreements with Wells Fargo and Dell Financial Services (Dell) for the acquisition and use of copiers and technology equipment, respectively. During fiscal year 2022, the District entered into a new four year lease agreement with Dell for the acquisition and use of additional technology equipment. An initial lease liability of $295,869 was recorded for the new lease. The District is required to make monthly principal and interest payments for Wells Fargo and annual principal and interest payments for Dell. The right-to-use assets associated with these leases are amortized over the terms of the leases. Amortization is included with depreciation and details of the right-to-use assets are shown in the capital asset footnote.

The following is a summary of leases payable currently outstanding at August 31, 2022:

	Interest Rates	Maturity Date	Amount
Wells Fargo	2.96%	8/2023	$ 176,999
Dell Financial Services - Teacher Computers	2.46%	2/2024	557,078
Dell Financial Services - Micro Towers	2.46%	11/2024	216,442
			$ 950,519

The future principal and interest lease payments as of August 31, 2022 are as follows:

Year ending August 31,	Principal	Interest	Total
2023	$ 496,898	$ 22,212	$ 519,110
2024	379,715	10,618	390,333
2025	73,906	1,817	75,723
	$ 950,519	$ 34,647	$ 985,166

I. Fund Balance

At August 31, 2022, other committed fund balance of $980,000 was for reading academies. The other assigned fund balance consists of $1,180,000 for furniture for the middle school and $4,363,483 for the budgeted deficit for the 22-23 school year. The assigned fund balance for capital expenditures for equipment includes $3,600,000 for the energy efficiency project and $400,000 for turf.

J. 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 2022, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The District is a member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The District participates in the Property, Liability, Auto, and Unemployment Compensation Programs.

For the Property, Liability, and Auto programs, the Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves.

The Workers' Compensation program is authorized by Chapter 504 of the Texas Labor Code. The Fund provides statutory workers' compensation benefits to its members' injured employees. The Fund and its members are protected against higher than expected claims costs through the purchase of stop-loss coverage for any claim in excess of the Fund's self-insured retention of $2,000,000. The Fund uses the services of an independent actuary to determine the reserve adequacy and fully funds those reserves. As of August 31, 2021, the Fund carries a discounted reserve of $44,985,187 for future development on reported claims and claims that have been incurred but not yet reported.

For the year ended August 31, 2022, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payments of contributions for all programs in which it participates.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021 are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance.

K. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

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

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 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.

	Contribution Rates	
	2021	2022
Member	7.7%	8.0%
Non-Employer Contributing Entity (State)	7.5%	7.75%
Employers	7.5%	7.75%
Employer Contributions (fiscal year)		$ 2,295,850
Member Contributions (fiscal year)		4,587,787
NECE On-Behalf Contributions (measurement year)	$ 3,383,487	

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

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

-- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

-- During a new member's first 90 days of employment.

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

-- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

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

5. Actuarial Assumptions

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

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	1.95%
Last year ending August 31 in Projection Period	2120
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05%
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, 2020. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2020.

6. Discount Rate

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

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value			
Government Bonds	16.0%	(0.2)%	0.01%
Absolute Return	0.0%	1.1%	0.00%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	(0.7)%	(0.01)%
Asset Allocation Leverage	(6.0%)	(0.5)%	0.03%
Inflation Expectation			2.20%
Volatility Drag ****	-		(0.95)%
Expected Return	100.0%		6.90%

* Absolute Return includes Credit Sensitive Investments.
** Target allocations are based on the FY2021 policy model.
*** Capital Market Assumptions come from Aon Hewitt (as of 08/31/2021)
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following table presents the net pension liability of the plan using a discount rate of 7.25 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the net pension liability	$ 24,216,288	$ 11,082,164	$ 426,403

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

At August 31, 2022, the District reported a liability of $11,082,164 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 11,082,164
State's proportionate share that is associated with District	20,191,201
Total	$ 31,273,365

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

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0435167028 percent, which was an increase (decrease) of 0.0000447657 percent from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

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

For the year ended August 31, 2022, the District recognized pension expense of $80,722 and revenue of $80,722 for support provided by the State. The District also recognized their proportionate share of pension expense of $1,215,690.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	$ 18,546	$ 780,193
Changes in actuarial assumptions	3,917,329	1,707,619
Difference between projected and actual investment earnings	--	9,292,251
Changes in proportion and difference between District's contributions and the proportionate share of contributions	990,288	--
Contributions paid to TRS subsequent to the measurement date	2,295,850	--
Total	$ 7,222,013	$ 11,780,063

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

Measurement Year Ended August 31,	Pension Expense Amount
2022	$ (1,090,901)
2023	(1,166,805)
2024	(1,962,223)
2025	(2,597,552)
2026	(16,147)
Thereafter	(20,272)

9. Payable to Pension Plan

At August 31, 2022, the District had a payable to the plan of $596,889 for employee and employer legally required contributions for the month of August, which was paid in the subsequent month.

L. Defined Other Post-Employment Benefit Plans

1. Plan Description

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

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

2. OPEB Plan Fiduciary Net Position

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 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.

3. Benefits Provided

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

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

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

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

4. Contributions

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2021	2022
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (NECE) - State	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
Employer Contributions (fiscal year)		$ 570,545
Member Contributions (fiscal year)		401,675
NECE On-Behalf Contributions (measurement year)	$ 687,998	

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 $5,520,343 in fiscal year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total OPEB liability to August 31, 2021. 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, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Health Care Trend Rates	8.5% to 4.25%
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.10 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.50 percent for all retirees. The initial trend rates decrease to an an ultimate trend rate of 4.25 percent over a period of 12 years.

6. Discount Rate

A single discount rate of 1.95 percent was used to measure the total OPEB liability. This was a decrease of 0.38 percent in the discount rate since the previous year. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to **not be able** to make all future benefit payments of current plan members. Therefore, the municipal bond rate was 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.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact on the net OPEB liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (1.95%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of net OPEB liability	$ 30,584,948	$ 25,355,809	$ 21,240,306

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

At August 31, 2022, the District reported a liability of $25,355,809 for its proportionate share of the TRS 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	$ 25,355,809
State's proportionate share that is associated with the District	33,971,133
Total	$ 59,326,942

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

At August 31, 2021, the District's proportion of the collective net OPEB liability was 0.0657321016 percent, which is an increase (decrease) of 0.0001081347 percent from its proportion measured as of August 31, 2020.

The following schedule shows the impact on the net OPEB liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of net OPEB liability	$ 20,537,365	$ 25,355,809	$ 31,820,964

Changes Since the Prior Actuarial Valuation

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

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

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

For the year ended August 31, 2022, the District recognized OPEB expense of $(1,253,794) and revenue of $(1,253,794) for support provided by the State. The District also recognized their proportionate share of OPEB expense of $(534,224).

At August 31, 2022, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,091,688	$ 12,273,985
Changes in actuarial assumptions	2,808,454	5,362,284
Difference between projected and actual investment earnings	27,528	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,860,641	--
Contributions paid to TRS subsequent to the measurement date	570,545	--
Total	$ 6,358,856	$ 17,636,269

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

Measurement Year Ended August 31,	OPEB Expense Amount
2022	$ (2,353,257)
2023	(2,353,878)
2024	(2,353,708)
2025	(1,686,281)
2026	(782,688)
Thereafter	(2,318,146)

9. Payable to OPEB Plan

At August 31, 2022, the District had a payable to the plan of $80,545 for employee and employer legally required contributions for the month of August, which was paid in the subsequent month.

M. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2022, the subsidy payments received by TRS-Care on behalf of the District were $251,087.

N. Employee Health Care Coverage

During the year ended August 31, 2022, employees of the District were covered by a health insurance plan (the Plan). The District is a member of TRS-ActiveCare, a statewide health insurance coverage plan for public school employees. It was established by Chapter 1579, "Texas School Employees Uniform Health Coverage Act", of the Texas Insurance Code. Employees can choose from PPO plans administered by Blue Cross and Blue Shield of Texas and CVS Caremark.

The District paid premiums of $300 per month per employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer.

O. Commitments and Contingencies

1. Contingencies - Grants

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

2. Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the District's opinion that the resolution of these matters will not have a material adverse effect on the financial condition of the District.

3. Commitments

At August 31, 2022, the District has remaining commitments for several projects as follows:

Vendor	Project	Amount
Goodwin Lasiter Strong	Lufkin Middle School	$ 386,418
Berry & Clay, Inc.	Lufkin Middle School	16,874,424
CoxJones	Burley Primary	3,000
CoxJones	High School Improvements	5,756
Goodwin Lasiter Strong	Old Federal Building Renovation	10,400
Goodwin Lasiter Strong	Coston Elementary Restroom	8,226
Timberline Constructors	Coston Elementary Restroom	33,406
E3 Entegral Solutions, Inc.	Energy Efficiency & Facility Improvement	9,282,252

P. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent
The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides a Regional Day School Program for the Deaf to the member districts listed below. All services are provided by the fiscal agent. The funding for the SSA comes directly to the fiscal agent from federal and state grants. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Member Districts	Expenditures
Lufkin ISD	$ 159,153
Central ISD	13,545
Zavalla ISD	10,159
Hudson ISD	33,863
Leggett ISD	3,387
Corrigan-Camden ISD	6,772
Groveton ISD	6,772
Crockett ISD	6,772
West Sabine ISD	6,772
Broaddus ISD	27,090
San Augustine ISD	6,772
Huntington ISD	3,387
Total	$ 284,444

Shared Services Arrangement - Membership
The District participates in a shared services arrangement ("SSA") for an alternative school for at-risk students.

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

Q. Related Parties

During fiscal year 2022, the District paid $459,238 and $520,684 for construction projects and architect fees, respectively, to vendors owned by family members of two board members.

R. Risk and Uncertainties

The COVID-19 pandemic was ongoing during the fiscal year ended August 31, 2022. Measures taken by various governments to contain the virus have affected economic activity. Various safety and health measures have been implemented by the District to monitor and mitigate the effects of the virus on its students and employees. As of the date that these financial statements were available to issued, the COVID-19 pandemic is ongoing in the United States as well as around the world. As the spread of COVID-19 continues, the potential impact is difficult to assess.

S. Adoption of New Standard

The District has adopted GASB Statement No. 87 which is described in Note A. Prior to the implementation of this statement, the District's leases were evaluated and treated as capital leases or operating leases. After the implementation of this statement, lease liabilities and intangible right-to-use assets are recorded for leases with terms that exceed twelve months that do not transfer ownership. All of the leases in effect on the date of implementation had been recorded as capital leases in prior years. Upon the evaluation of those leases, three of them were for financed purchases which are excluded from the scope of GASB 87. The remaining two leases were determined to be leases that were subject to GASB 87. Since those leases were already recorded, there was no adjustment necessary for lease liabilities; however, GASB 87 also requires right-to-use assets be recorded. When the leases were initially recorded, the assets under the leases did not exceed the District's capitalization threshold; therefore, a prior period adjustment to record the right-to-use assets was required on the government-wide financial statements as a result of the implementation.

The net effect on the government-wide statements was an increase in total assets and net position of $1,121,386 as of September 1, 2021. There was no effect on the fund financial statements due to the implementation.

Required Supplementary Information

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	Local and Intermediate Sources	$ 28,911,509	$ 29,224,134	$ 30,024,626	$ 800,492
5800	State Program Revenues	49,307,678	49,612,637	48,498,107	(1,114,530)
5900	Federal Program Revenues	766,000	766,000	2,566,267	1,800,267
5020	Total Revenues	78,985,187	79,602,771	81,089,000	1,486,229
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	Instruction	43,027,283	43,666,228	43,245,705	420,523
0012	Instructional Resources and Media Services	773,139	792,039	755,199	36,840
0013	Curriculum and Staff Development	1,950,214	1,944,382	1,990,725	(46,343)
	Total Instruction and Instr. Related Services	45,750,636	46,402,649	45,991,629	411,020
	Instructional and School Leadership:				
0021	Instructional Leadership	1,690,058	1,673,622	1,800,243	(126,621)
0023	School Leadership	5,335,616	5,751,922	5,744,656	7,266
	Total Instructional and School Leadership	7,025,674	7,425,544	7,544,899	(119,355)
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	3,057,188	3,046,329	2,648,069	398,260
0032	Social Work Services	1,000	1,000	4,401	(3,401)
0033	Health Services	921,986	942,581	767,371	175,210
0034	Student (Pupil) Transportation	2,928,304	3,195,219	2,857,590	337,629
0036	Cocurricular/Extracurricular Activities	1,897,239	2,541,532	2,406,868	134,664
	Total Support Services - Student (Pupil)	8,805,717	9,726,662	8,684,299	1,042,363
	Administrative Support Services:				
0041	General Administration	2,644,685	3,024,205	3,224,927	(200,722)
	Total Administrative Support Services	2,644,685	3,024,205	3,224,927	(200,722)
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	8,800,479	10,238,483	8,233,593	2,004,890
0052	Security and Monitoring Services	1,512,261	1,577,142	1,472,549	104,593
0053	Data Processing Services	1,840,779	3,237,806	3,040,689	197,117
	Total Support Services - Nonstudent Based	12,153,519	15,053,430	12,746,831	2,306,599
	Ancillary Services:				
0061	Community Services	40,130	38,885	26,270	12,615
	Total Ancillary Services	40,130	38,885	26,270	12,615
	Debt Service:				
0071	Principal on Long-Term Debt	742,921	1,386,951	1,368,535	18,416
0072	Interest on Long-Term Debt	660,703	127,947	127,822	125
	Total Debt Service	1,403,624	1,514,898	1,496,357	18,541
	Facilities Acquisition and Construction:				
0081	Facilities Acquisition and Construction	--	2,821,459	2,595,162	226,297
	Total Facilities Acquisition and Construction	--	2,821,459	2,595,162	226,297

LUFKIN INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	302,217	--	--	--
0099	Other Intergovernmental Charges	682,000	684,398	653,854	30,544
	Total Intergovernmental Charges	984,217	684,398	653,854	30,544
6030	Total Expenditures	78,808,202	86,692,131	82,964,228	3,727,903
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	176,985	(7,089,360)	(1,875,228)	5,214,132
	Other Financing Sources (Uses):				
7913	Issuance of Leases	--	285,155	295,869	10,714
7915	Transfers In	--	--	20,000	20,000
7949	Insurance Recoveries	--	--	323,449	323,449
8911	Transfers Out	--	--	(36,771)	(36,771)
7080	Total Other Financing Sources and (Uses)	--	285,155	602,547	317,392
1200	Net Change in Fund Balance	176,985	(6,804,205)	(1,272,681)	5,531,524
0100	Fund Balance - Beginning	33,604,681	33,604,681	33,604,681	--
3000	Fund Balance - Ending	$ 33,781,666	$ 26,800,476	$ 32,332,000	$ 5,531,524

LUFKIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	2022	2021	2020
District's proportion of the net pension liability (asset)	0.0435167028%	0.0434719371%	0.0408041663%
District's proportionate share of the net pension liability (asset)	$ 11,082,164	$ 23,282,683	$ 21,211,281
State's proportionate share of the net pension liability (asset) associated with the District	20,191,201	42,241,592	36,851,015
Total	$ 31,273,365	$ 65,524,275	$ 58,062,296
District's covered payroll	$ 58,884,854	$ 57,405,227	$ 51,349,869
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.82%	40.56%	41.31%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

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

EXHIBIT G-2

2019	2018	2017	2016	2015
0.0405775796%	0.039856211%	0.03975594%	0.0409687%	0.0263074%
$ 22,334,885	$ 12,743,869	$ 15,023,180	$ 14,481,890	$ 7,027,070
40,654,051	24,122,414	28,891,803	28,512,444	26,024,935
$ 62,988,936	$ 36,866,283	$ 43,914,983	$ 42,994,334	$ 33,052,005
$ 50,277,113	$ 48,259,514	$ 47,407,377	$ 46,514,382	$ 45,682,704
44.42%	26.41%	31.69%	31.13%	15.38%
73.74%	82.17%	78.00%	78.43%	83.25%

LUFKIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	2021	2021	2020	2019
Contractually required contribution	$ 2,295,850	$ 1,834,706	$ 1,793,812	$ 1,427,961
Contributions in relation to the contractually required contribution	(2,295,850)	(1,834,706)	(1,793,812)	(1,427,961)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --
District's covered payroll	$ 61,794,104	$ 58,884,854	$ 57,405,277	$ 51,349,869
Contributions as a percentage of covered payroll	3.72%	3.12%	3.12%	2.78%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2020 - August 31, 2021.

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

EXHIBIT G-3

2018	2017	2016	2015
$ 1,366,667	$ 1,306,254	$ 1,263,147	$ 1,213,100
(1,366,667)	(1,306,254)	(1,263,147)	(1,213,100)
$ --	$ --	$ --	$ --
$ 50,277,113	$ 48,259,514	$ 47,407,377	$ 46,514,382
2.72%	2.71%	2.66%	2.61%

LUFKIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	2022	2021	2020
District's proportion of the net OPEB liability (asset)	0.0657321016%	0.0656239669%	0.0641530397%
District's proportionate share of the net OPEB liability (asset)	$ 25,355,809	$ 24,946,633	$ 30,338,758
State proportionate share of the collective net OPEB liability (asset) associated with the District	33,971,133	33,522,295	40,313,424
Total	$ 59,326,942	$ 58,468,928	$ 70,652,182
District's covered payroll	$ 58,884,854	$ 57,405,227	$ 51,349,869
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	43.06%	43.46%	59.08%
Plan fiduciary net position as a percentage of the total OPEB liability	6.18%	4.99%	2.66%

The amounts presented for each fiscal year were determined as of the measurement date which is August 31 of the prior fiscal year.

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

EXHIBIT G-4

	2019		2018
	0.0640025333%		0.061037761%
$	31,957,051	$	26,543,032
	41,377,775		36,672,199
$	73,334,826	$	63,215,231
$	50,277,113	$	48,259,514
	63.56%		55.00%
	1.57%		0.91%

LUFKIN INDEPENDENT SCHOOL DISTRICT

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

	2022	2021	2020
Contractually required contribution	$ 570,545	$ 507,632	$ 498,786
Contributions in relation to the contractually required contribution	(570,545)	(507,632)	(498,786)
Contribution deficiency (excess)	$ --	$ --	$ --
District's covered payroll	$ 61,794,104	$ 58,884,854	$ 57,405,277
Contributions as a percentage of covered payroll	0.92%	0.86%	0.87%

Note: GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2020 - August 31, 2021.

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

EXHIBIT G-5

2019	2018
$ 455,417	$ 441,421
(455,417)	(441,421)
$ --	$ --
$ 51,349,869	$ 50,277,113
0.89%	0.88%

Budget

The official budget was prepared for adoption for the general fund in accordance with accounting principles generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data:

a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.

c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be increased at the fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

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

There is not a legal requirement to adopt a budget for the ESSER III of the ARP Act fund; therefore, the District did not adopt a budget for that fund.

Defined Benefit Pension and OPEB Plans

Changes of benefit terms - Pension and OPEB Plans

There were no changes of benefit terms during the measurement period.

Changes of assumptions and other inputs - Pension Plan

The public education employer contribution rate changed from 1.5% for fiscal year 2020 to 1.6% for fiscal year 2021.

Changes of assumptions and other inputs - OPEB Plan

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

The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

Combining Statements and Budget Comparisons as Supplementary Information

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

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2022

Data Control Codes		Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
	ASSETS:			
1110	Cash and Cash Equivalents	$ 1,697,752	$ 1,347,555	$ 3,045,307
1225	Taxes Receivable, Net	--	283,131	283,131
1240	Due from Other Governments	3,137,570	10,258	3,147,828
1260	Due from Other Funds	1,155,831	--	1,155,831
1290	Other Receivables	31,626	--	31,626
1300	Inventories	13,070	--	13,070
1000	Total Assets	$ 6,035,849	$ 1,640,944	$ 7,676,793
	LIABILITIES:			
	Current Liabilities:			
2110	Accounts Payable	$ 249,170	$ --	$ 249,170
2160	Accrued Wages Payable	370,108	--	370,108
2170	Due to Other Funds	2,480,070	--	2,480,070
2300	Unearned Revenue	159,968	--	159,968
2000	Total Liabilities	3,259,316	--	3,259,316
	DEFERRED INFLOWS OF RESOURCES:			
	Unavailable Property Tax Revenue	--	283,131	283,131
2600	Total Deferred Inflows of Resources	--	283,131	283,131
	FUND BALANCES:			
	Nonspendable Fund Balances:			
3410	Inventories	13,070	--	13,070
	Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	2,033,114	--	2,033,114
3480	Retirement of Long-Term Debt	--	1,357,813	1,357,813
3490	Other Restrictions of Fund Balance	730,349	--	730,349
3000	Total Fund Balances	2,776,533	1,357,813	4,134,346
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,035,849	$ 1,640,944	$ 7,676,793

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Special Revenue Funds	Debt Service Fund	Capital Projects Fund Maintenance Tax Note	Total Nonmajor Governmental Funds (See Exhibit C-2)
	REVENUES:				
5700	Local and Intermediate Sources	$ 884,236	$ 7,649,057	$ 111	$ 8,533,404
5800	State Program Revenues	756,010	228,740	--	984,750
5900	Federal Program Revenues	14,322,533	--	--	14,322,533
5020	Total Revenues	15,962,779	7,877,797	111	23,840,687
	EXPENDITURES:				
	Current:				
0011	Instruction	4,688,181	--	--	4,688,181
0012	Instructional Resources and Media Services	50,883	--	--	50,883
0013	Curriculum and Staff Development	1,706,328	--	--	1,706,328
0021	Instructional Leadership	820,500	--	--	820,500
0023	School Leadership	633,483	--	--	633,483
0031	Guidance, Counseling, and Evaluation Services	432,273	--	--	432,273
0032	Social Work Services	75,366	--	--	75,366
0033	Health Services	222,631	--	--	222,631
0035	Food Service	5,186,949	--	--	5,186,949
0036	Cocurricular/Extracurricular Activities	116,700	--	--	116,700
0041	General Administration	6,745	--	--	6,745
0051	Facilities Maintenance and Operations	871,198	--	82,029	953,227
0061	Community Services	78,136	--	--	78,136
0071	Principal on Long-term Debt	8,253	4,140,000	--	4,148,253
0072	Interest on Long-term Debt	41	3,337,325	--	3,337,366
0073	Bond Issuance Costs and Fees	--	5,588	--	5,588
0081	Facilities Acquisition and Construction	167,861	--	--	167,861
6030	Total Expenditures	15,065,528	7,482,913	82,029	22,630,470
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	897,251	394,884	(81,918)	1,210,217
	Other Financing Sources and (Uses):				
7916	Premium or Discount on Issuance of Debt	--	124,615	--	124,615
7080	Total Other Financing Sources and (Uses)	--	124,615	--	124,615
1200	Net Change in Fund Balances	897,251	519,499	(81,918)	1,334,832
0100	Fund Balances - Beginning	1,879,282	838,314	81,918	2,799,514
3000	Fund Balances - Ending	$ 2,776,533	$ 1,357,813	$ --	$ 4,134,346

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2022

Data Control Codes		211 Title I, Part A - Improving Basic Programs	224 IDEA - Part B, Formula	225 IDEA - Part B, Preschool	240 National School Breakfast/Lunch Program
	ASSETS:				
1110	Cash and Cash Equivalents	$ --	$ --	$ --	$ 1,697,752
1240	Due from Other Governments	342,319	192,016	639	454,691
1260	Due from Other Funds	25,022	44,498	--	292
1290	Other Receivables, Net	--	--	--	--
1300	Inventories	--	--	--	13,070
1000	Total Assets	$ 367,341	$ 236,514	$ 639	$ 2,165,805
	LIABILITIES:				
	Current Liabilities:				
2110	Accounts Payable	$ 16,063	$ 11,219	$ --	$ 62,416
2160	Accrued Wages Payable	186,059	117,912	--	57,206
2170	Due to Other Funds	165,219	107,383	639	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	367,341	236,514	639	119,622
	FUND BALANCES:				
	Nonspendable Fund Balances:				
3410	Inventories	--	--	--	13,070
	Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--	2,033,113
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	2,046,183
4000	Total Liabilities and Fund Balances	$ 367,341	$ 236,514	$ 639	$ 2,165,805

242 Summer Food Service Program	244 Career & Technical - Basic Grant	255 Title II, Part A Training & Recruiting	263 English Lang. Acquisition & Enhancement	265 Title IV, Part B 21st Century Community LC
$ --	$ --	$ --	$ --	$ --
--	20,520	69,745	24,475	326,596
213	--	17,128	--	--
--	--	255	--	--
--	--	--	--	--
$ 213	$ 20,520	$ 87,128	$ 24,475	$ 326,596
$ --	$ --	$ 24,984	$ 306	$ 6,661
--	--	8,931	--	--
212	20,520	53,213	24,169	319,935
--	--	--	--	--
212	20,520	87,128	24,475	326,596
--	--	--	--	--
1	--	--	--	--
--	--	--	--	--
1	--	--	--	--
$ 213	$ 20,520	$ 87,128	$ 24,475	$ 326,596

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2022

Data Control Codes		270 Title V, Part B Rural & Low Income	274 GEAR UP	279 COVID TCLAS ESSER III Funds	281 ESSER II of the CRRSA Act
	ASSETS:				
1110	Cash and Cash Equivalents	$ --	$ --	$ --	$ --
1240	Due from Other Governments	20,639	172,560	2,851	1,261,373
1260	Due from Other Funds	--	--	78,304	--
1290	Other Receivables, Net	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	$ 20,639	$ 172,560	$ 81,155	$ 1,261,373
	LIABILITIES:				
	Current Liabilities:				
2110	Accounts Payable	$ 1,028	$ 12,338	$ --	$ 9,240
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	19,611	160,222	81,155	1,252,133
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	20,639	172,560	81,155	1,261,373
	FUND BALANCES:				
	Nonspendable Fund Balances:				
3410	Inventories	--	--	--	--
	Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	$ 20,639	$ 172,560	$ 81,155	$ 1,261,373

284 IDEA - Part B Formula of the ARP Act	288 Student Support & Enrichment Program	289 Other Federal Special Revenue Funds	315 IDEA - Part B, Discretionary	410 State Textbook Fund
$ --	$ --	$ --	$ --	$ --
3	86,105	--	7,191	149,755
--	--	161,188	--	--
--	--	--	--	--
--	--	--	--	--
$ 3	$ 86,105	$ 161,188	$ 7,191	$ 149,755
$ --	$ 35,021	$ 4,869	$ 400	$ --
--	--	--	--	--
3	51,084	551	6,791	149,755
--	--	155,768	--	--
3	86,105	161,188	7,191	149,755
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
$ 3	$ 86,105	$ 161,188	$ 7,191	$ 149,755

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2022

Data Control Codes		427 Math Academies	435 Regional Day School for the Deaf
	ASSETS:		
1110	Cash and Cash Equivalents	$ --	$ --
1240	Due from Other Governments	--	6,092
1260	Due from Other Funds	4,200	16,793
1290	Other Receivables, Net	--	--
1300	Inventories	--	--
1000	Total Assets	$ 4,200	$ 22,885
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	$ --	$ 1,845
2160	Accrued Wages Payable	--	--
2170	Due to Other Funds	--	21,040
2300	Unearned Revenue	4,200	--
2000	Total Liabilities	4,200	22,885
	FUND BALANCES:		
	Nonspendable Fund Balances:		
3410	Inventories	--	--
	Restricted Fund Balances:		
3450	Federal/State Funds Grant Restrictions	--	--
3490	Other Restrictions of Fund Balance	--	--
3000	Total Fund Balances	--	--
4000	Total Liabilities and Fund Balances	$ 4,200	$ 22,885

461 Campus Activity Funds	499 Other Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
$ --	$ --	$ 1,697,752
--	--	3,137,570
214,492	593,701	1,155,831
27,721	3,650	31,626
--	--	13,070
$ 242,213	$ 597,351	$ 6,035,849
$ 3,266	$ 59,514	$ 249,170
--	--	370,108
15,120	31,315	2,480,070
--	--	159,968
18,386	90,829	3,259,316
--	--	13,070
--	--	2,033,114
223,827	506,522	730,349
223,827	506,522	2,776,533
$ 242,213	$ 597,351	$ 6,035,849

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		211 Title I, Part A - Improving Basic Programs	224 IDEA - Part B, Formula	225 IDEA - Part B, Preschool	240 National School Breakfast/Lunch Program
	REVENUES:				
5700	Local and Intermediate Sources	$ --	$ --	$ --	$ 105,541
5800	State Program Revenues	--	--	--	228,954
5900	Federal Program Revenues	2,319,757	1,467,922	14,310	5,627,261
5020	Total Revenues	2,319,757	1,467,922	14,310	5,961,756
	EXPENDITURES:				
	Current:				
0011	Instruction	1,002,348	1,426,435	14,310	--
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	1,091,843	--	--	--
0021	Instructional Leadership	84,988	31,137	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, and Evaluation Services	58,255	5,337	--	--
0032	Social Work Services	75,366	--	--	--
0033	Health Services	--	--	--	--
0035	Food Service	--	--	--	5,080,007
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	--
0061	Community Services	6,957	--	--	--
0071	Principal on Long-term Debt	--	5,013	--	--
0072	Interest on Long-term Debt	--	--	--	--
0081	Facilities Acquisition and Construction	--	--	--	3,055
6030	Total Expenditures	2,319,757	1,467,922	14,310	5,083,062
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	878,694
1200	Net Change in Fund Balances	--	--	--	878,694
0100	Fund Balances - Beginning	--	--	--	1,167,489
3000	Fund Balances - Ending	$ --	$ --	$ --	$ 2,046,183

242 Summer Food Service Program	244 Career & Technical - Basic Grant	255 Title II, Part A Training & Recruiting	263 English Lang. Acquisition & Enhancement	265 Title IV, Part B 21st Century Community LC
$ --	$ --	$ --	$ --	$ --
--	--	--	--	--
106,942	107,688	397,397	104,504	1,328,699
106,942	107,688	397,397	104,504	1,328,699
--	43,489	41,457	99,145	517,944
--	--	--	--	--
--	--	260,000	4,635	--
--	--	90,096	724	198,592
--	--	(600)	--	610,679
--	64,199	--	--	--
--	--	--	--	--
--	--	--	--	--
106,942	--	--	--	--
--	--	--	--	1,484
--	--	--	--	--
--	--	--	--	--
--	--	6,444	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
106,942	107,688	397,397	104,504	1,328,699
--	--	--	--	--
--	--	--	--	--
1	--	--	--	--
$ 1	$ --	$ --	$ --	$ --

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		270 Title V, Part B Rural & Low Income	274 GEAR UP	279 COVID TCLAS ESSER III Funds	281 ESSER II of the CRRSA Act
	REVENUES:				
5700	Local and Intermediate Sources	$ --	$ --	$ --	$ --
5800	State Program Revenues	--	--	--	--
5900	Federal Program Revenues	170,624	786,589	25,375	1,364,354
5020	Total Revenues	170,624	786,589	25,375	1,364,354
	EXPENDITURES:				
	Current:				
0011	Instruction	153,405	351,023	23,702	32,942
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	--	233,872	--	101,053
0021	Instructional Leadership	17,219	186,143	1,673	16,445
0023	School Leadership	--	8,697	--	--
0031	Guidance, Counseling, and Evaluation Services	--	4,452	--	251,485
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	119,108
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Facilities Maintenance and Operations	--	--	--	843,321
0061	Community Services	--	--	--	--
0071	Principal on Long-term Debt	--	2,402	--	--
0072	Interest on Long-term Debt	--	--	--	--
0081	Facilities Acquisition and Construction	--	--	--	--
6030	Total Expenditures	170,624	786,589	25,375	1,364,354
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	--	--
1200	Net Change in Fund Balances	--	--	--	--
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	$ --	$ --	$ --	$ --

284 IDEA - Part B Formula of the ARP Act	288 Student Support & Enrichment Program	289 Other Federal Special Revenue Funds	315 IDEA - Part B, Discretionary	385 Supplemental Visually Impaired
$ --	$ --	$ --	$ --	$ --
--	--	--	--	1,375
164,865	144,564	136,705	54,977	--
164,865	144,564	136,705	54,977	1,375
--	--	5,420	54,977	1,375
--	--	--	--	--
--	14,925	--	--	--
59	124,899	--	--	--
--	4,740	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	103,408	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	27,877	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
164,806	--	--	--	--
164,865	144,564	136,705	54,977	1,375
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
$ --	$ --	$ --	$ --	$ --

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		410 State Textbook Fund	435 Regional Day School for the Deaf
	REVENUES:		
5700	Local and Intermediate Sources	$ --	$ --
5800	State Program Revenues	241,237	284,444
5900	Federal Program Revenues	--	--
5020	Total Revenues	241,237	284,444
	EXPENDITURES:		
	Current:		
0011	Instruction	241,237	218,061
0012	Instructional Resources and Media Services	--	--
0013	Curriculum and Staff Development	--	--
0021	Instructional Leadership	--	66,383
0023	School Leadership	--	--
0031	Guidance, Counseling, and Evaluation Services	--	--
0032	Social Work Services	--	--
0033	Health Services	--	--
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	--	--
0041	General Administration	--	--
0051	Facilities Maintenance and Operations	--	--
0061	Community Services	--	--
0071	Principal on Long-term Debt	--	--
0072	Interest on Long-term Debt	--	--
0081	Facilities Acquisition and Construction	--	--
6030	Total Expenditures	241,237	284,444
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	--	--
1200	Net Change in Fund Balances	--	--
0100	Fund Balances - Beginning	--	--
3000	Fund Balances - Ending	$ --	$ --

461 Campus Activity Funds	499 Other Special Revenue	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
$ 312,255	$ 466,440	$ 884,236
--	--	756,010
--	--	14,322,533
312,255	466,440	15,962,779
178,048	282,863	4,688,181
46,910	3,973	50,883
--	--	1,706,328
2,142	--	820,500
9,967	--	633,483
40	48,505	432,273
--	--	75,366
--	115	222,631
--	--	5,186,949
34,303	80,913	116,700
844	5,901	6,745
--	--	871,198
--	64,735	78,136
838	--	8,253
41	--	41
--	--	167,861
273,133	487,005	15,065,528
39,122	(20,565)	897,251
39,122	(20,565)	897,251
184,705	527,087	1,879,282
$ 223,827	$ 506,522	$ 2,776,533

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LUFKIN INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-5

CONSTRUCTION FUND
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	$ 55,000	$ 120,628	$ 65,628
5020	Total Revenues	55,000	120,628	65,628
	EXPENDITURES:			
	Debt Service:			
0073	Bond Issuance Costs and Fees	--	184,734	(184,734)
	Total Debt Service	--	184,734	(184,734)
	Facilities Acquisition and Construction:			
0081	Facilities Acquisition and Construction	27,864,278	19,639,755	8,224,523
	Total Facilities Acquisition and Construction	27,864,278	19,639,755	8,224,523
6030	Total Expenditures	27,864,278	19,824,489	8,039,789
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(27,809,278)	(19,703,861)	8,105,417
	Other Financing Sources (Uses):			
7911	Issuance of Bonds	9,500,000	9,420,000	(80,000)
7916	Premium or Discount on Issuance of Debt	--	264,733	264,733
7080	Total Other Financing Sources and (Uses)	9,500,000	9,684,733	184,733
1200	Net Change in Fund Balance	(18,309,278)	(10,019,128)	8,290,150
0100	Fund Balance - Beginning	23,355,591	23,355,591	--
3000	Fund Balance - Ending	$ 5,046,313	$ 13,336,463	$ 8,290,150

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
AUGUST 31, 2022

Data Control Codes		Enterprise Fund Panther Broadcasting	Enterprise Fund Panther Advertising
	ASSETS:		
	Current Assets:		
	Receivables:		
1260	Due from Other Funds	$ 4,483	$ 28,133
1290	Other Receivables (net)	4,800	13,500
	Total Current Assets	9,283	41,633
1000	Total Assets	9,283	41,633
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	123	1,600
2170	Due to Other Funds	4,498	--
	Total Current Liabilities	4,621	1,600
2000	Total Liabilities	4,621	1,600
	NET POSITION:		
3900	Unrestricted	4,662	40,033
3000	Total Net Position	$ 4,662	$ 40,033

Enterprise Fund Sports Facilities Rentals	Enterprise Fund LHS Gym Fundraising	Total Nonmajor Enterprise Funds (See Exhibit D-1)
$ 21,868	$ 20	$ 54,504
1,433	--	19,733
23,301	20	74,237
23,301	20	74,237
--	--	1,723
15	--	4,513
15	--	6,236
15	--	6,236
23,286	20	68,001
$ 23,286	$ 20	$ 68,001

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		Enterprise Fund Panther Broadcasting	Enterprise Fund Panther Advertising
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	$ 92,000	$ 111,750
5020	Total Revenues	92,000	111,750
	OPERATING EXPENSES:		
6100	Payroll Costs	52,692	--
6200	Professional and Contracted Services	25	70,117
6300	Supplies and Materials	1,124	1,600
6400	Other Operating Costs	55,000	--
6030	Total Expenses	108,841	71,717
	Income (Loss) before Contributions and Transfers	(16,841)	40,033
8911	Transfers Out	--	--
1300	Change in Net Position	(16,841)	40,033
1300	Change in Net Position	(16,841)	40,033
0100	Total Net Position - Beginning	21,503	--
3300	Total Net Position - Ending	$ 4,662	$ 40,033

Enterprise Fund Sports Facilities Rentals	Enterprise Fund LHS Gym Fundraising	Total Nonmajor Enterprise Funds (See Exhibit D-2)
$ 143,171	$ 20,020	$ 366,941
143,171	20,020	366,941
47,051	--	99,743
35,512	--	105,654
84	--	2,808
37,238	--	92,238
119,885	--	300,443
23,286	20,020	66,498
--	(20,000)	(20,000)
23,286	20	46,498
23,286	20	46,498
--	--	21,503
$ 23,286	$ 20	$ 68,001

LUFKIN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2022

	711 Panther Broadcasting	712 Panther Advertising	713 Sports Facilities Rentals
Cash Flows from Operating Activities:			
Cash Received from User Charges	$ 90,600	$ 98,250	$ 141,738
Cash Received from Donations	--	--	--
Cash Payments to Employees	(52,692)	--	(47,051)
Cash Payments to Suppliers for Goods and Services	(37,908)	(98,250)	(94,687)
Net Cash Provided (Used) by Operating Activities	--	--	--
Cash Flows from Non-capital Financing Activities:			
Transfers From (To) Primary Government	--	--	--
Net Cash Provided (Used) by Non-capital Financing Activities	--	--	--
Net Increase (Decrease) in Cash and Cash Equivalents	--	--	--
Cash and Cash Equivalents at Beginning of Year	--	--	--
Cash and Cash Equivalents at End of Year	$ --	$ --	$ --
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ (16,841)	$ 40,033	$ 23,286
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Change in Assets and Liabilities:			
Decrease (Increase) in Due from Other Funds	28,039	(28,133)	(21,868)
(Increase) in Other Receivables, Net	(1,400)	(13,500)	(1,433)
Increase in Accounts Payable	10	1,600	--
Increase (Decrease) in Due to Other Funds	(9,808)	--	15
Total Adjustments	16,841	(40,033)	(23,286)
Net Cash Provided (Used) by Operating Activities	$ --	$ --	$ --

EXHIBIT H-8

714 LHS Gym Fundraising	Total Nonmajor Enterprise Funds (See Exhibit D-3)
$ --	$ 330,588
20,000	20,000
--	(99,743)
--	(230,845)
20,000	20,000
(20,000)	(20,000)
(20,000)	(20,000)
--	--
--	--
$ --	$ --
$ 20,020	$ 66,498
(20)	(21,982)
--	(16,333)
--	1,610
--	(9,793)
(20)	(46,498)
$ 20,000	$ 20,000

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Other Supplementary Information

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

LUFKIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2022

Year Ended August 31	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value For School Tax Purposes
2013 and Prior Years	$ Various	$ Various	$ Various
2014	1.04	.167	2,253,455,551
2015	1.04	.173	2,260,211,707
2016	1.17	.043	2,237,252,432
2017	1.17	.043	2,208,569,827
2018	1.17	.043	2,238,124,155
2019	1.17	.28	2,348,562,069
2020	1.0683	.25	2,512,784,040
2021	1.0381	.286	2,677,038,517
2022 (School Year Under Audit)	.9913	.262	2,865,940,318
1000 Totals			
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			

10 Beginning Balance 9/1/21	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/22
$ 441,606	$ --	$ 40,776	$ 5,488	$ (37,983)	$ 357,359
107,450	--	11,171	1,789	(1,310)	93,180
101,730	--	13,679	2,256	(689)	85,106
129,281	--	22,884	839	(640)	104,918
148,573	--	26,220	961	(491)	120,901
194,483	--	51,041	1,865	3,629	145,206
295,165	--	66,846	15,853	8,086	220,552
343,706	--	68,141	15,913	(3,916)	255,736
590,952	--	159,226	43,484	(39,771)	348,471
--	35,918,830	28,168,817	7,440,437	480,913	790,489
$ 2,352,946	$ 35,918,830	$ 28,628,801	$ 7,528,885	$ 407,828	$ 2,521,918
$ --	$ --	$ --	$ --	$ --	$ --

LUFKIN INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	$ 245,374	$ 105,541	$ (139,833)
5800	State Program Revenues	43,292	228,954	185,662
5900	Federal Program Revenues	5,291,321	5,627,261	335,940
5020	Total Revenues	5,579,987	5,961,756	381,769
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	Food Services	5,189,987	5,080,007	109,980
	Total Support Services - Student (Pupil)	5,189,987	5,080,007	109,980
	Facilities Acquisition and Construction:			
0081	Facilities Acquisition and Construction	390,000	3,055	386,945
	Total Facilities Acquisition and Construction	390,000	3,055	386,945
6030	Total Expenditures	5,579,987	5,083,062	496,925
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	878,694	878,694
1200	Net Change in Fund Balance	--	878,694	878,694
0100	Fund Balance - Beginning	1,167,489	1,167,489	--
3000	Fund Balance - Ending	$ 1,167,489	$ 2,046,183	$ 878,694

LUFKIN INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2022

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	$ 7,616,011	$ 7,649,057	$ 33,046
5800	State Program Revenues	162,153	228,740	66,587
5020	Total Revenues	7,778,164	7,877,797	99,633
	EXPENDITURES:			
	Debt Service:			
0071	Principal on Long-Term Debt	4,140,000	4,140,000	--
0072	Interest on Long-Term Debt	3,343,536	3,337,325	6,211
0073	Bond Issuance Costs and Fees	190,733	5,588	185,145
	Total Debt Service	7,674,270	7,482,913	191,357
6030	Total Expenditures	7,674,270	7,482,913	191,357
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	103,894	394,884	290,990
	Other Financing Sources (Uses):			
7916	Premium or Discount on Issuance of Debt	309,349	124,615	(184,734)
7080	Total Other Financing Sources and (Uses)	309,349	124,615	(184,734)
1200	Net Change in Fund Balance	413,243	519,499	106,256
0100	Fund Balance - Beginning	838,314	838,314	--
3000	Fund Balance - Ending	$ 1,251,557	$ 1,357,813	$ 106,256

LUFKIN INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2022

Data Control Codes		Responses
	Section A: Compensatory Education Programs	
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$ 9,589,647
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30, 34)	$ 7,669,709
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 1,042,687
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$ 664,334

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Wilbur E. Alexander, CPA
(1940-2009)
Ted A. Lankford, CPA
(Retired)

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

Board of Trustees
Lufkin Independent School District
Lufkin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lufkin Independent School District as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise Lufkin Independent School District's basic financial statements, and have issued our report thereon dated January 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lufkin 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 Lufkin Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Lufkin Independent School District's internal control.

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Alexander, Lankford + Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
January 13, 2023

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

Board of Trustees
Lufkin Independent School District
Lufkin, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lufkin Independent School District's 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 Lufkin Independent School District's major federal programs for the year ended August 31, 2022. Lufkin Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the 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 programs. Our audit does not provide a legal determination of Lufkin Independent School District's compliance with the compliance requirements referred to above.

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Report on Compliance for Each Major Federal Program - Continued

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 Lufkin Independent School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 a 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 Lufkin Independent School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance - Continued

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

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

Alexander, Lankford & Hiers, Inc.

ALEXANDER, LANKFORD & HIERS, INC.
Certified Public Accountants

Lufkin, Texas
January 13, 2023

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LUFKIN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2022

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
One or more material weaknesses identified?	____	Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

2. Federal Awards

Internal control over major programs:				
One or more material weaknesses identified?	____	Yes	X	No
One or more significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Version of compliance supplement used in audit:	April 2022			
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200?	____	Yes	X	No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.010	Title I, Part A - Improving Basic Programs
84.287	Title IV, Part B - 21st Century Community Learning Centers
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes	____	No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

LUFKIN INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
There were no prior audit findings related to federal awards; therefore, the summary schedule of prior audit findings is not required.		

There are no current year findings; therefore, a corrective action plan is not required.

(1)	(2)	(2A)		(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U. S. Department of Agriculture				
CHILD NUTRITION CLUSTER:				
Passed Through Texas Education Agency:				
School Breakfast Program	10.553	71402101	$ --	$ 125,994
School Breakfast Program	10.553	71402201	--	1,001,459
Total ALN Number 10.553			--	1,127,453
National School Lunch Program	10.555	71302101	--	424,583
National School Lunch Program	10.555	71302201	--	3,386,128
Passed Through Texas Department of Agriculture:				
National School Lunch Program	10.555	806780706	--	209,276
National School Lunch Program (Non-cash)	10.555	806780706	--	461,135
Total ALN Number 10.555			--	4,481,122
Summer Food Service Program	10.559	806780706	--	106,942
Total Child Nutrition Cluster			--	5,715,517
State Administrative Expenses for Child Nutrition	10.560	806780706	--	12,873
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Cost Grants	10.649	806780706	--	5,814
FOREST SERVICE SCHOOLS AND ROADS CLUSTER:				
Passed Through Angelina County:				
Schools & Roads - Grants to Counties	10.666	N/A	--	11,225
Total Forest Service Schools and Roads Cluster			--	11,225
Total U. S. Department of Agriculture			--	5,745,429
U.S. Department of the Interior				
Passed Through Angelina County:				
Payments in Lieu of Taxes	15.226		--	15,187
Total U.S. Department of the Interior			--	15,187
U. S. Department of Health and Human Services				
Passed Through Texas Education Agency:				
Epidemiology & Laboratory Capacity for Infectious Diseases	93.323	39352201	--	131,285
MEDICAID CLUSTER:				
Passed Through Texas Health & Human Services Commission:				
Medicaid Administrative Claiming	93.778	HHS000537900187	--	17,883
Total Medicaid Cluster			--	17,883
Total U. S. Department of Health and Human Services			--	149,168

(1)	(2)	(2A)		(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Direct Programs:				
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334		--	35,915
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334		--	785,304
Total ALN Number 84.334			--	821,219
Passed Through Texas Education Agency:				
ESEA, Title I, Part A - Improving Basic Programs	84.010	22610101003903	--	2,387,305
ESEA, Title I, Part A - Improving Basic Programs	84.010	22610103003903	--	35,361
Total ALN Number 84.010			--	2,422,666
SPECIAL EDUCATION (IDEA) CLUSTER:				
Passed Through Texas Education Agency:				
IDEA - Part B, Formula	84.027A	226600010039036600	--	1,532,834
SSA IDEA - Part B, Discretionary	84.027A	226600110039036673	--	57,417
Subotal for 84.027A			--	1,590,251
COVID-19 IDEA - Part B, Formula	84.027X	225350010039035350	--	164,868
Total ALN Number 84.027			--	1,755,119
IDEA - Part B, Preschool	84.173	226610010039036610	--	14,949
Total Special Education (IDEA) Cluster			--	1,770,068
Career & Technical - Basic Grant	84.048	22420006003903	--	112,453
Title IV, Part B - 21st Century Community Learning Centers	84.287	226950307110027	--	1,301,452
Title IV, Part B - 21st Century Community Learning Centers	84.287	236950307110031	--	86,031
Total ALN Number 84.287			--	1,387,483
ESEA, Title V, Part B, Subpart 2 - Rural & Low Income School Grant Program	84.358	22696001003903	--	178,108
ESEA, Title III, Part A - English Language Acquisition & Language Enhancement	84.365	22671001003903	--	109,113
ESEA, Title II, Part A - Teacher & Principal Training & Recruiting	84.367	20694501003903	--	16,129
ESEA, Title II, Part A - Teacher & Principal Training & Recruiting	84.367	22694501003903	--	398,822
Total ALN Number 84.367			--	414,951
Grants for State Assessments & Related Activities	84.369	69552002	--	5,420

(1)	(2)	(2A)		(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
ESEA, Title IV, Part A, Subpart 1 - Student Support & Academic Enrichment Program	84.424	20680101003903	--	33,668
ESEA, Title IV, Part A, Subpart 1 - Student Support & Academic Enrichment Program	84.424	22680101003903	--	117,219
Total ALN Number 84.424			--	150,887
COVID-19 Education Stabilization Fund	84.425D	21521001003903	--	1,514,205
COVID-19 Education Stabilization Fund	84.425U	21528001003903	--	7,167,515
COVID-19 Education Stabilization Fund	84.425U	21528042003903	--	28,226
Subotal for 84.425U			--	7,195,741
Total ALN Number 84.425			--	8,709,946
Total U. S. Department of Education			--	16,082,314
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ --	$ 21,992,098

The accompanying notes are an integral part of this schedule.

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Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lufkin Independent School District (District) under programs of the federal goverment for the year ended August 31, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District**.** Therefore, some amounts may differ from amounts presented in, or used in the preparation of the financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies are included on the Schedule.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation to Exhibit C-2

The reconciliation of the Schedule to federal program revenues reported in Exhibit C-2 is as follows:

Total federal awards per the Schedule	$	21,992,098
Other Federal Revenue:		
E-rate		385,965
School Health and Related Services (SHARS)		954,508
Other		2,519
Total federal program revenues per Exhibit C-2	$	23,335,090

LUFKIN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2022

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