PROGRESO INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL & COMPLIANCE REPORT

For the Year Ended

August 31, 2023

AICPA Governmental Audit Quality Center

Texas Society of Certified Public Accountants

Cascos & Associates, PC

Audit / Accounting / Tax / Consulting

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Brownsville, Texas

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AICPA Members

Rio Grande Valley Chapter of the Texas Society of CPAs

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CERTIFICATE OF BOARD

Progreso Independent School District	Hidalgo	108-910
Name of 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, 2023, at a meeting of the Board of Trustees of such school district on the ______ day of December 2023.

_____________________________ Signature of Board Secretary

_____________________________ Signature of Board President

Cascos & Associates, PC
Certified Public Accountants
Audit/Accounting/Tax/Consulting

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Progeso Independent School District
Progreso, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Progreso Independent School District (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, pension and OPEB information on pages listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cascos & Associates, PC

Cascos & Associates, PC
Brownsville, Texas
December 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The District's total combined net position was $3,781,365 at August 31, 2023.

- During the year, the District's expenses were $22,326,591 which is less than the $26,795,862 generated by charges for services, operating grants and contributions, capital grants and contributions and general revenues.

- The general fund reported a fund balance this year of $11,975,821.

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.

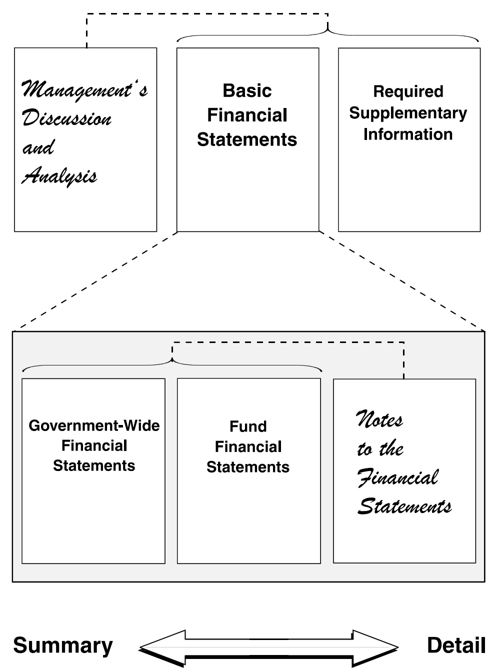
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.

- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as food service.

- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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



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

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

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Fund Statements: Governmental Funds	Fund Statements: Proprietary Funds	Fund Statements: Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures & changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
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/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
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 Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.

- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position increased from $(687,906) between fiscal years 2022 and 2023 to $3,781,365 at August 31, 2023. (See Table A-1).

(Table continues on the next page)

Table A-1
District's Net Assets

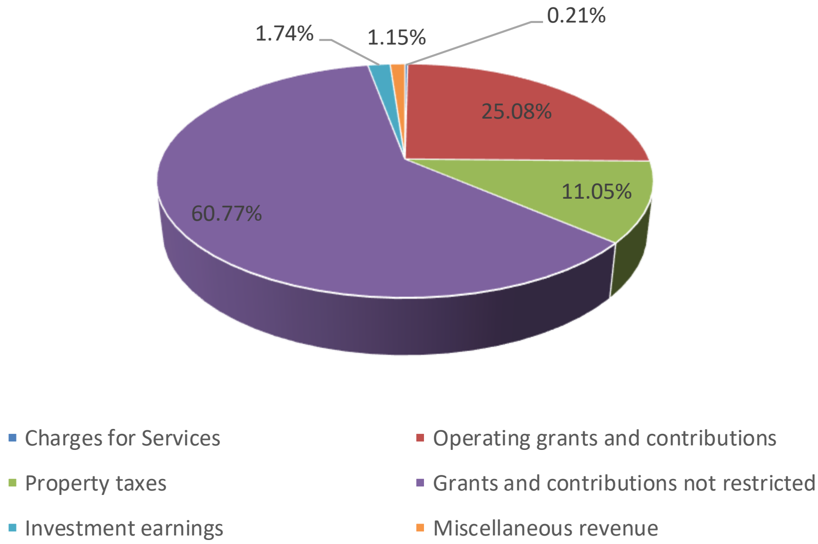
	Governmental Activities 2023	Governmental Activities 2022	Variance
Current Assets:			
Cash, cash equivalents and investments	$ 19,524,753	$ 17,944,923	$ 1,579,830
Property taxes receivable (net of allowance)	323,828	269,621	54,207
Due from other governments	2,009,874	2,708,853	(698,979)
Inventories	16,923	21,231	(4,308)
Prepayments	495,666	429,822	65,844
Total Current Assets	22,371,044	21,374,450	996,594
Noncurrent Assets:			
Land	1,323,232	1,323,232	-
Buildings, net	23,803,165	24,653,033	(849,868)
Furniture and equipment, net	1,252,569	705,661	546,908
Vehicles, net	533,060	561,591	(28,531)
Right-to-Use Lease Assets, net	165,333	268,667	(103,334)
SBITA Assets, net	23,305	-	23,305
Construction in Progress	280,277	-	280,277
Total Non-Current Assets	27,380,941	27,512,184	(131,243)
Total Assets	49,751,985	48,886,634	865,351
Deferred Outflow of Resources	3,588,661	3,044,026	544,635
Current Liabilities:			
Accounts payable and accrued liabilities	564,024	779,907	(215,883)
Due to other governments	1,146,704	1,643,995	(497,291)
Unearned Revenues	9,229	9,229	-
Total Current Liabilities	1,719,957	2,433,131	(713,174)
Long-Term Liabilities:			
Due within a year	1,450,901	1,232,148	(32,148)
Due in more than one year	26,795,492	28,405,615	(1,359,222)
Net Pension Liability (District's Share)	5,202,595	2,233,214	2,969,381
Net OPEB Liability (District's Share)	3,385,490	5,876,033	(2,490,543)
Total Long-Term Liabilities	36,834,478	37,747,010	(912,532)
Total Liabilities	38,554,435	40,180,141	(1,625,706)
Deferred Inflow of Resources	11,004,846	12,438,425	(1,433,579)
Net Assets:			
Net investment in capital assets	(131,738)	(1,322,286)	1,190,548
Restricted for state and Federal Programs	454,427	454,427	-
Restricted for Debt Service	679,306	166,272	513,034
Unrestricted Net Position	2,779,370	13,681	2,765,689
Total Net Assets	$ 3,781,365	$ (687,906)	$ 4,469,271

The District's combined net position is $3,781,365. However, most of these net position balances are either restricted or assigned as to the purposes they can be used for or they are invested in capital assets. Unassigned net position amounted to $2,779,370 at the end of this year. The unrestricted balance increased from the prior year.

Changes in net position. The District's total revenues increased by 10.27 percent to $26,795,862 (See Table A-2). Local sources include property taxes and make up 11.05 percent (See Figure A-3). State Program revenues represent 60.77 percent, Operating Grants represent 25.08 percent, charges of services represent .21 percent, investment earnings represent 1.74 percent, and 1.15 percent represents miscellaneous revenue (See Figure A-3).

The total cost of all programs and services was $22,326,591 and approximately 43.48 percent of these costs are for instructional services.

Figure A-3 PISD Source Revenue for Fiscal Year 2023



Governmental Activities

- The property tax rate was 1.32 in 2022-2023 with $0.8781 as the Maintenance and Operations tax rate and $0.4518 as the Debt Service tax rate.

(Table continues on the next page)

Table A-2
Changes in the District's Net Position

	Governmental Activities 2023	Governmental Activities 2022	Variance
Program Revenues:			
Charges for Services	$ 56,208	$ 30,568	$ 25,640
Operating grants and contributions	6,720,508	6,108,860	611,648
Property taxes	2,961,924	2,651,829	310,095
Grants and contributions not restricted	16,282,877	15,217,636	1,065,241
Investment earnings	465,897	-	465,897
Miscellaneous revenue	308,448	291,826	16,622
Total Revenues	26,795,862	24,300,719	2,495,143
Program Expenses:			
11 Instruction	9,707,532	9,302,476	405,056
12 Instructional resources and media services	94,025	111,417	(17,392)
13 Curriculum and instructional staff development	435,987	402,392	33,595
21 Instructional leadership	509,943	370,774	139,169
23 School leadership	803,464	801,860	1,604
31 Guidance, counseling, and evaluation services	573,822	430,724	143,098
32 Social work services	71,168	44,121	27,047
33 Health services	189,249	171,204	18,045
34 Student (pupil) transportation	668,110	581,777	86,333
35 Food services	1,705,725	1,524,632	181,093
36 Extracurricular activities	962,888	601,744	361,144
41 General administration	912,272	843,980	68,292
51 Facilities maintenance and operations	3,506,479	3,836,129	(329,650)
52 Security and monitoring services	432,574	291,017	141,557
53 Data processing services	422,352	546,336	(123,984)
61 Community services	177,200	156,542	20,658
72 Debt service-interest on long term debt	919,459	709,498	209,961
73 Debt service-bond issuance cost and fees	4,574	249,377	(244,803)
81 Facilities acquisition and construction	170,050	-	170,050
93 Payments related to shared services agreement	33,785	25,888	7,897
99 Other intergovernmental charges	25,933	23,177	2,756
Total Expenses	22,326,591	21,025,065	1,301,526
Change in Net Position	4,469,271	3,275,654	1,193,617
Net Position- Beginning	(687,906)	(3,963,560)	3,275,654
Net Position - Ending	$ 3,781,365	$ (687,906)	$ 4,469,271

The cost of all *governmental* activities this year was $22,326,591. However, the amount that our taxpayers paid for these activities through property taxes was only $2,961,924.

Some of the cost was paid by those who directly benefitted from the programs in the amount of $14,298,608 and by grants and contributions $1,984,269.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

Table A-3
Net Costs of District's Governmental Activities

	2023	2022	Variance
Instructional	$9,707,532	$9,922,503	$(214,971)
School Leadership	803,464	908,831	(105,367)
Student (Pupil) Transportation	668,110	985,840	(317,730)
Food Service	1,705,725	1,457,411	248,314
Extracurricular Activities	962,888	794,280	168,608
General Admin	912,272	857,128	55,144
Plant Maint & Operations	3,506,479	3,791,163	(284,684)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on balances of spendable resources. Revenues from governmental fund types totaled $27,496,359. The District experienced a decrease in state revenues as a result of a decrease in average daily attendance.

As of August 31, 2023, the District's governmental funds reported ending fund balances of $20,299,935.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. At year-end, actual expenditures in the General Fund Debt Service functions were over budget by $91,736 cumulative.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of August 31, 2023, the District had invested $27,380,941, a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) In accordance with GASB 34, the District has recorded depreciation expenses associated with all of its capital assets.

Table A-4
District's Capital Assets
Governmental Activities

	2023	2022
Land	$ 1,323,232	$ 1,323,232
Building and Improvements	58,665,961	57,770,022
Furniture and Equipment	1,648,285	5,189,946
Vehicles	5,569,880	1,759,054
Contruction in Progress	280,277	-
Right-to-Use Leased Assets	268,667	268,667
SBITA Asset	27,965	-
Totals at Historical Cost	67,784,267	66,310,921
Total Accumulated Depreciation	(40,403,326)	(38,819,404)
Net Capital Assets	$27,380,941	$27,491,517

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

Long Term Debt

At year-end the District had $25,395,000 in general obligation debt outstanding. This represents a decrease of 4 percent from the $26,550,000 due last year. The District's bonds presently carry "Baa1" ratings with underlying ratings from Moody's Investor Services and "BBB-". More detailed information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The freeze adjusted taxable value used for the 2024 budget increased by $87,459,908.00 or 27.43 percent from $231,345,237 to 318,805,145.
- In 2021, 2022 and 2023, the District experienced a reduction in students counts, these factors were considered in the preparation of the 2024 Operating Budget.
- The District's 2024 budget was planned on 1,315 refined average daily attendances.

These indicators were taken into account when preparing and adopting the general fund budget for 2024.

The District's administration strives to provide the most innovative programs in emerging fields such as Engineering, Career and Technology, and Manufacturing. Additionally, The District continuously seeks grants in the emerging fields of Engineering, Solar Energy, and Manufacturing to supplement the educational program. Thus far, the District has been successful in obtaining grants for the purchase of equipment and a building renovation. In an effort to provide such programs and quality education for all students, The District continues to adjust salary schedules to remain competitive with neighboring districts.

The District has been awarded the TCLAS grant that will help the district offer tutoring to students and additional compensation to staff.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Department, Progreso I.S.D., 600 N. Business FM 1015, Progreso, Texas 78579.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

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

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 9,530,700
1120	Current Investments	9,994,053
1210	Property Taxes - Current	159,346
1220	Property Taxes - Delinquent	181,525
1230	Allowance for Uncollectible Taxes	(17,043)
1240	Due from Other Governments	2,009,874
1300	Inventories	16,923
1410	Prepayments	495,666
	Capital Assets:	
1510	Land	1,323,232
1520	Buildings, Net	23,803,165
1530	Furniture and Equipment, Net	1,252,569
1540	Vehicles, Net	533,060
1550	Right-to-Use Leased Assets, Net	165,333
1553	SBITA Assets, Net	23,305
1580	Construction in Progress	280,277
1000	Total Assets	49,751,985
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred Charge for Refunding	733,714
1705	Deferred Outflow Related to TRS Pension	2,013,283
1706	Deferred Outflow Related to TRS OPEB	841,664
1700	Total Deferred Outflows of Resources	3,588,661
	LIABILITIES	
2110	Accounts Payable	110,409
2150	Payroll Deductions and Withholdings	4,489
2160	Accrued Wages Payable	437,682
2180	Due to Other Governments	1,146,704
2200	Accrued Expenses	11,444
2300	Unearned Revenue	9,229
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	1,450,901
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	26,795,492
2540	Net Pension Liability (District's Share)	5,202,595
2545	Net OPEB Liability (District's Share)	3,385,490
2000	Total Liabilities	38,554,435
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflow Related to TRS Pension	1,246,165
2606	Deferred Inflow Related to TRS OPEB	9,758,681
2600	Total Deferred Inflows of Resources	11,004,846
	NET POSITION	
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	(131,738)
	Restricted:	
3820	Restricted for Federal and State Programs	454,427
3850	Restricted for Debt Service	679,306
3900	Unrestricted	2,779,370
3000	Total Net Position	$ 3,781,365

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

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

Data Control Codes		1	3	4	6
			Program Revenues		Net (Expense) Revenue and Changes in Net Position
				Operating	Primary Gov.
		Expenses	Charges for Services	Grants and Contributions	Governmental Activities
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 9,707,532	$ -	$ 3,329,974	$ (6,377,558)
12	Instructional Resources and Media Services	94,025	-	118,080	24,055
13	Curriculum and Instructional Staff Development	435,987	-	386,731	(49,256)
21	Instructional Leadership	509,943	-	355,395	(154,548)
23	School Leadership	803,464	-	58,512	(744,952)
31	Guidance, Counseling, and Evaluation Services	573,822	-	191,063	(382,759)
32	Social Work Services	71,168	-	97,917	26,749
33	Health Services	189,249	-	25,254	(163,995)
34	Student (Pupil) Transportation	668,110	-	17,029	(651,081)
35	Food Services	1,705,725	12,164	1,718,729	25,168
36	Extracurricular Activities	962,888	7,926	8,244	(946,718)
41	General Administration	912,272	36,118	71,987	(804,167)
51	Facilities Maintenance and Operations	3,506,479	-	91,491	(3,414,988)
52	Security and Monitoring Services	432,574	-	57,797	(374,777)
53	Data Processing Services	422,352	-	12,327	(410,025)
61	Community Services	177,200	-	179,978	2,778
72	Debt Service - Interest on Long-Term Debt	919,459	-	-	(919,459)
73	Debt Service - Bond Issuance Cost and Fees	4,574	-	-	(4,574)
81	Capital Outlay	170,050	-	-	(170,050)
93	Payments Related to Shared Services Arrangements	33,785	-	-	(33,785)
99	Other Intergovernmental Charges	25,933	-	-	(25,933)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 22,326,591	$ 56,208	$ 6,720,508	(15,549,875)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	1,949,439
DT	Property Taxes, Levied for Debt Service	1,012,485
SF	State Aid - Formula Grants	14,298,608
GC	Grants and Contributions not Restricted	1,984,269
IE	Investment Earnings	465,897
MI	Miscellaneous Local and Intermediate Revenue	308,448
TR	Total General Revenues	20,019,146
CN	Change in Net Position	4,469,271
NB	Net Position - Beginning	(687,906)
NE	Net Position - Ending	$ 3,781,365

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

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

Data Control Codes		10 General Fund	282 ESSER III ARP	699 Capital Projects
	ASSETS			
1110	Cash and Cash Equivalents	$ 6,969,570	$ 999,958	$ 391,944
1120	Investments - Current	2,741,189	-	7,252,864
1210	Property Taxes - Current	57,463	-	-
1220	Property Taxes - Delinquent	181,525	-	-
1230	Allowance for Uncollectible Taxes	(11,949)	-	-
1240	Due from Other Governments	431,491	879,543	-
1260	Due from Other Funds	2,865,356	-	-
1300	Inventories	16,923	-	-
1410	Prepayments	495,666	-	-
1000	Total Assets	$ 13,747,234	$ 1,879,501	$ 7,644,808
	LIABILITIES			
2110	Accounts Payable	$ 107,671	$ -	$ -
2150	Payroll Deductions and Withholdings Payable	4,489	-	-
2160	Accrued Wages Payable	340,492	-	-
2170	Due to Other Funds	47,953	1,879,501	-
2180	Due to Other Governments	1,036,168	-	-
2200	Accrued Expenditures	7,601	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	1,544,374	1,879,501	-
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	227,039	-	-
2600	Total Deferred Inflows of Resources	227,039	-	-
	FUND BALANCES			
	Nonspendable Fund Balance:			
3410	Inventories	16,923	-	-
3430	Prepaid Items	495,666	-	-
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	454,427	-	-
3470	Capital Acquisition and Contractural Obligation	-	-	7,644,808
3480	Retirement of Long-Term Debt	-	-	-
3600	Unassigned Fund Balance	11,008,805	-	-
3000	Total Fund Balances	11,975,821	-	7,644,808
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 13,747,234	$ 1,879,501	$ 7,644,808

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

Other Funds	Total Governmental Funds
$ 1,141,904	$ 9,503,376
-	9,994,053
101,883	159,346
-	181,525
(5,094)	(17,043)
698,840	2,009,874
-	2,865,356
-	16,923
-	495,666
$ 1,937,533	$ 25,209,076
$ 2,738	$ 110,409
-	4,489
97,190	437,682
937,902	2,865,356
110,536	1,146,704
3,843	11,444
9,229	9,229
1,161,438	4,585,313
96,789	323,828
96,789	323,828
-	16,923
-	495,666
-	454,427
-	7,644,808
679,306	679,306
-	11,008,805
679,306	20,299,935
$ 1,937,533	$ 25,209,076

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2023

	Total Fund Balances - Governmental Funds	$	20,299,935
1	The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		27,324
2	Capital assets and Right-to-Use Lease Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $66,310,921 and the accumulated depreciation was ($38,798,737). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.		(1,322,286)
3	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position. Similarly, the principal payments on Right-to-Use Lease Assets and SBITA Assets are not expenses, rather they are decreases in the Right-to-Use Lease Liabilities and the SBITA Liabilities. These payments must be reclassified and shown as reductions to these liabilities increasing Net Position.		3,181,222
4	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of $2,013,283, a deferred resource inflow in the amount of $1,246,165 and a net pension liability in the amount of $5,202,595. This resulted in a decrease in net position.		(4,435,477)
5	Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of $841,664, a deferred resource inflow in the amount of $9,758,681, and a net OPEB liability in the amount of $3,385,490. This resulted in a decrease in net position.		(12,302,507)
6	The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,990,187)
7	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		323,341
19	**Net Position of Governmental Activities**	$	3,781,365

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

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

Data Control Codes		10 General Fund	282 ESSER III ARP	699 Capital Projects
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 2,484,427	$ -	$ 252,864
5800	State Program Revenues	15,499,210	119,535	-
5900	Federal Program Revenues	2,354,442	1,926,852	-
5020	Total Revenues	20,338,079	2,046,387	252,864
	EXPENDITURES:			
	Current:			
0011	Instruction	6,748,573	1,219,258	-
0012	Instructional Resources and Media Services	5,842	3,455	-
0013	Curriculum and Instructional Staff Development	110,751	330,830	-
0021	Instructional Leadership	207,965	124,174	-
0023	School Leadership	801,463	57,743	-
0031	Guidance, Counseling, and Evaluation Services	439,586	45,286	-
0032	Social Work Services	-	5,109	-
0033	Health Services	168,903	18,805	-
0034	Student (Pupil) Transportation	718,746	16,933	-
0035	Food Services	1,565,359	45,470	-
0036	Extracurricular Activities	945,388	8,244	601,182
0041	General Administration	870,837	29,207	-
0051	Facilities Maintenance and Operations	3,058,335	91,491	120,475
0052	Security and Monitoring Services	383,227	22,209	-
0053	Data Processing Services	377,895	12,231	-
0061	Community Services	41,495	15,942	-
	Debt Service:			
0071	Principal on Long-Term Liabilities	82,027	-	-
0072	Interest on Long-Term Liabilities	9,709	-	-
0073	Bond Issuance Cost and Fees	-	-	-
	Capital Outlay:			
0081	Facilities Acquisition and Construction	-	-	1,346,266
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	31,000	-	-
0099	Other Intergovernmental Charges	23,439	-	-
6030	Total Expenditures	16,590,540	2,046,387	2,067,923
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	3,747,539	-	(1,815,059)
	OTHER FINANCING SOURCES (USES):			
7913	Proceeds of Right-to-Use Lease	27,965	-	-
7915	Transfers In	3,998,200	-	-
8911	Transfers Out (Use)	(4,598,200)	-	-
7080	Total Other Financing Sources (Uses)	(572,035)	-	-
1200	Net Change in Fund Balances	3,175,504	-	(1,815,059)
0100	Fund Balance - September 1 (Beginning)	8,800,317	-	9,459,867
3000	Fund Balance - August 31 (Ending)	$ 11,975,821	$ -	$ 7,644,808

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

Other Funds	Total Governmental Funds
$ 1,000,980	$ 3,738,271
960,215	16,578,960
2,897,834	7,179,128
4,859,029	27,496,359
2,110,722	10,078,553
114,622	123,919
55,901	497,482
231,221	563,360
768	859,974
145,777	630,649
92,808	97,917
6,448	194,156
95	735,774
-	1,610,829
-	1,554,814
42,780	942,824
-	3,270,301
35,588	441,024
96	390,222
164,036	221,473
1,155,000	1,237,027
1,003,476	1,013,185
4,574	4,574
-	1,346,266
-	31,000
-	23,439
5,163,912	25,868,762
(304,883)	1,627,597
-	27,965
600,000	4,598,200
-	(4,598,200)
600,000	27,965
295,117	1,655,562
384,189	18,644,373
$ 679,306	$ 20,299,935

Total Net Change in Fund Balances - Governmental Funds	$	1,655,562
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase the change net position. Similarly, current year principal payments on Right-to-Use Leases and SIBTAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will result in an increase in the change in Net Position.		3,181,222
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(1,990,187)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		53,719
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $454,433. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling $414,125. Finally the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense (increased) the change in net position by $(106,860). The net result is an increase in the change in net position.		147,168
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $127,669. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net OPEB liability. This caused a decrease in the change in net position totaling $118,824. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The OPEB expense (increased) the change in net position by $(1,412,942). The net result is an increase in the change in net position.		1,421,787
Change in Net Position of Governmental Activities	$	4,469,271

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

EXHIBIT D-1

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

		Governmental Activities - Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	27,324
Total Assets		27,324
NET POSITION		
Unrestricted Net Position		27,324
Total Net Position	$	27,324

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

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

	Governmental Activities - Internal Service Fund
Operating Income	-
Total Net Position - September 1 (Beginning)	27,324
Total Net Position - August 31 (Ending)	$ 27,324

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

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

EXHIBIT D-3

	Governmental Activities - Internal Service Fund
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	27,324
Cash and Cash Equivalents at End of Year	$ 27,324
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:	
Operating Income (Loss)	$ -

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

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

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 69,878
Total Assets	69,878
NET POSITION	
Unrestricted Net Position	69,878
Total Net Position	$ 69,878

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

EXHIBIT E-2

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

	Custodial Fund
ADDITIONS:	
Miscellaneous Revenue - Student	$ 138,649
Total Additions	138,649
DEDUCTIONS:	
Other Deductions	129,483
Total Deductions	129,483
Change in Fiduciary Net Position	9,166
Total Net Position - September 1 (Beginning)	60,712
Total Net Position - August 31 (Ending)	$ 69,878

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Progreso Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency's ***Financial Accountability System Resource Guide*** (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

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

A. REPORTING ENTITY

The Board of Trustees (the “Board”), a seven-member group, 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” as defined by the GASB and there are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on the entire District with the fiduciary activities removed. Eliminations have been made to minimize the double-counting of internal activities. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. The “grants and contributions” column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants through the Department of Education, Department of Health & Human Services and Department of Agriculture. If a revenue is not program revenue, it is general revenue used to support all of the District’s functions.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. BASIS OF PRESENTATION - FUND ACCOUNTING

The District reports the following major governmental funds:

General Fund – is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds, are accounted for in this fund.

ESSER III ARP - Elementary and Secondary School Emergency Relief Fund III – is used to provide the District with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools.

Capital Projects Fund – is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund type(s):

Governmental Funds:

Special Revenue Funds – are used to account for resources that are restricted or committed to expenditures for particular purposes. Most federal and some state financial assistance is accounted for in a Special Revenue Fund.

Debt Service Fund – is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Proprietary Funds:

Internal Service Funds – are used to account for revenues and expenses related to self-funded insurance and workers' compensation provided to employees within the District.

Fiduciary funds:

Custodial Funds – are used to account for resources held for others in a custodial capacity.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

2. Inventories of supplies on the balance sheet are stated at weighted average cost and they include consumable maintenance and food service items. Supplies are recorded as expenditures when they are consumed.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. OTHER ACCOUNTING POLICIES

3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in the government wide statements and in proprietary fund statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense. The District implemented GASB 96 for reporting Subscription-Based-Information Technology Arrangements (SBITAs). GASB 96 requires recognition of certain right-to-use subscription assets and liabilities for SBITAs in the financial statements. There were no SBITAs in the prior year that would require a restatement of the District’s prior year financial statements.

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

4. Capital assets, which include land, buildings, furniture and equipment, and infrastructure, are reported in the applicable governmental activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

   The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, furniture and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

5. Accumulated compensatory absences that is expected to be liquidated with expendable available resources is reported as an expenditure and a liability in the Governmental Funds only if they have matured.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. OTHER ACCOUNTING POLICIES

6. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The government-wide statement of net position reports a deferred charge on refunding and a deferred outflow related to TRS. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The item related to TRS represents the District's share of the unrecognized plan deferred outflow of resources which TRS uses in calculating the ending net pension and OPEB liability.

7. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows or resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of deferred inflows, one of which arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also recognizes their share of the unrecognized TRS plan deferred inflows of resources which TRS uses in calculating the ending net pension and OPEB liability.

8. Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

9. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond and 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 financial statements, a flow assumption must be made about the order in which the resources are considered applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. 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.

11. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

    - Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. OTHER ACCOUNTING POLICIES

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution by the Board. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of non-spendable and restricted fund balances since that practice would commit funds that the District does not have. Board commitments must occur before the end of the reporting period with amounts to be determined subsequently.

- Assigned: This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board, the Superintendent, or Superintendent’s designee.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

12. The Data Control Codes refer to the account code structure prescribed by TEA in the ***Financial Accountability System Resource Guide***. Texas Education Agency requires school districts and service Districts to display these codes in the financial statements filed with the agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

13. 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, 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 four fiscal years.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board adopts an “appropriated budget” for the General Fund, Debt Service Fund, and the Child Nutrition Program which is included in the General Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of the funds. The District compares the final amended budget to actual revenues and expenditures. The District presented the General Fund budgetary comparison schedule as required supplementary information. The Child Nutrition Program and Debt Service Fund budgetary comparison schedules are presented as required TEA schedules.

The following procedures are followed in establishing the budgetary data reflected in the governmental fund statements.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. BUDGETARY DATA

3. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary. There were no significant budget amendments passed during the 2022-2023 school year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure functions or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31st, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of August 31, 2023, the District's General Fund exceed expenditures over the appropriated budget for the following function.

General Fund Function	Amount
71	$ 82,027
72	9,709

C. DEFICIT FUND EQUITY

As of August 31, 2023, the District did not have any deficit fund balances.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES

A. DEPOSITS AND INVESTMENTS

Cash and Cash Equivalents

District Policies and Legal Contractual Provisions Governing Deposits

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

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

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

Type of Deposit	Fair Value	Percent	Maturity in Less Than One Year	Maturity in 1-10 Years	Maturity In Over 10 Years	Credit Rating	Weighted Average Maturity (Days)
Cash	$ 9,530,700	-	$ -	$ -	$ -	N/A	-
Investment Pools:							
TexPool	9,994,053	100.00%	9,994,053	-	-	AAAm	32
Total Investment Pools:	9,994,053	100.00%	9,994,053	-	-		
Total Cash and Cash Equivalents	$ 19,524,753	100.00%	$ 9,994,053				

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

A. DEPOSITS AND INVESTMENTS

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

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

Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk – In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1, P-1 or have an equivalent rating, and obligations of states, agencies, counties, and cities must be at least A or its equivalent. As of August 31, 2023, the District's investments in TexPool was rated AAAm by Standard and Poor's (S&P).

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

Concentration of Credit Risk – The investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce risk of loss resulting from over concentration of assets in specific class of investments, specific maturity or specific issuer.

Interest Rate Risk – In accordance with state law and the District's investment policy, the District does not purchase any investments greater than five (5) years for its operating funds.

Foreign Currency Risk for Investments – The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

A. DEPOSITS AND INVESTMENTS

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.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

As of August 31, 2023, the District had the following investments subject to the fair value measurement (dollar amounts are in thousands).

		Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
TexPool	$ 9,994,053	$ 9,994,053	$ -	$ -	$ -

B. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1st in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the property tax roll on January 1, 2023, upon which the levy for the 2022-2023 fiscal year was based, was $228,862,592. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1st of the year following the October 1st levy date. Taxes are delinquent if not paid by August 31st. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $0.878100 and $0.451800 per $100 valuation, respectively, for a total of $1.329000 per $100 valuation.

Current tax collections for the year ended August 31, 2023, were 94% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2023, property taxes receivable of $238,988 and $101,883 net of estimated uncollectible taxes of $11,949 and $5,094, totaled $227,039 and $96,789 for the General and Debt Service Funds, respectively.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

C. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the state through the School Foundation and Per Capita Programs. Amounts due from local, federal, and state governments as of August 31, 2023, are summarized below.

Fund	State Entitlements	Federal Grants	Other	Total
General Fund	$ -	$ 247,572	$ 183,919	$ 431,491
ESSER III ARP Grant	-	879,543	-	879,543
Other Funds	58,819	640,021	-	698,840
Total	$ 58,819	$ 1,767,136	$ 183,919	$ 2,009,874

D. INTERFUND BALANCES

The composition of Interfund balances as of August 31, 2023, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund		
General Fund	$ 47,953	$ 47,953
ESSER III ARP Grant	1,879,501	-
Other Funds	937,902	-
Total General Fund	2,865,356	47,953
ESSER III ARP Grant		
General Fund	-	1,879,501
Total ESSER III ARP Grant	-	1,879,501
Other Funds		
General Fund	-	937,902
Total Other Funds	-	937,902
Totals	$ 2,865,356	$ 2,865,356

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided and/or reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Balances also result from interfund payroll transactions and end of year reclasses made between funds.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

E. CAPITAL ASSET ACTIVITY

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

Governmental Activities:	Balance 9/1/2022	Additions	Retirements	Adjustments	Balance 8/31/2023
Capital Assets Not Being Depreciated:					
Land	$ 1,323,232	$ -	$ -	$ -	$ 1,323,232
Construction In Progress	-	280,277	-	-	280,277
Total Capital Assets Not Being Depreciated	1,323,232	280,277	-	-	1,603,509
Capital Assets Being Depreciated:					
Buildings and improvements	57,770,022	895,939	-	-	58,665,961
Furniture and equipment	5,189,946	607,858	(227,924)	-	5,569,880
Vehicles	1,759,054	67,569	(178,338)	-	1,648,285
Right-to-Use Leased Assets:					
Furniture and equipment	268,667	-	-	-	268,667
SBITAs	-	27,965	-	-	27,965
Total Capital Assets Being Depreciated	64,987,689	1,599,331	(406,262)	-	66,180,758
Total Capital Assets	66,310,921	1,879,608	(406,262)	-	67,784,267
Less accumulated depreciation for:					
Capital Assets:					
Buildings and improvements	(33,116,989)	(1,745,807)	-	-	(34,862,796)
Furniture and equipment	(4,484,285)	(60,953)	227,924	3	(4,317,311)
Vehicles	(1,197,463)	(96,100)	178,338	-	(1,115,225)
Right-to-Use Leased Assets:					
Furniture and equipment	-	(82,667)	-	(20,667)	(103,334)
SBITAs	-	(4,660)	-	-	(4,660)
Total Accumulated Depreciation	(38,798,737)	(1,990,187)	406,262	(20,664)	(40,403,326)
Governmental Activities Capital Assets, Net	$ 27,512,184	$ (110,579)	$ -	$ (20,664)	$ 27,380,941

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 876,708
Instructional Resources and Media Services	919
Curriculum and Instructional Staff Development	11,125
Instructional Leadership	22,249
School Leadership	94,639
Guidance, Counseling and Evaluation Services	39,165
Social Work Services	-
Health Services	19,362
Student (Pupil) Transportation	69,577
Food Services	172,149
Extracurricular Activities	76,184
General Administration	98,313
Facilities Maintenance and Operations	400,826
Security and Monitoring Services	34,749
Data Processing Services	64,031
Community Services	4,914
Payments to Fiscal Agent/ Member Districts of SSA	2,784
Other Intergovernmental Charges	2,493
Total	$ 1,990,187

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

F. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2023, is as follows:

Description	Interest Rate	Amount of Original Issue	Interest Current Year	Balance 9/1/2022	Principal Retired	Balance 8/31/2023	Due Within One Year
Unlimited Tax Refunding Bonds - CIB, Series 2012	3%-4%	$ 3,495,000	$ 65,151	$ 2,360,000	$ (170,000)	$ 2,190,000	$ 175,000
Unlimited Tax Refunding Bonds Series 2016	2%-4%	5,880,000	155,800	4,405,000	(250,000)	4,155,000	255,000
Unlimited Tax Refunding Bonds Series 2020	4% - 4.25%	6,625,000	208,500	5,315,000	(205,000)	5,110,000	210,000
Unlimited Tax Refunding Bonds Series 2021	4% - 5%	4,980,000	189,600	4,680,000	(370,000)	4,310,000	390,000
Unlimited Tax School Building Bonds Series 2022	4% - 5%	9,790,000	376,175	9,790,000	(160,000)	9,630,000	170,000
Totals			$ 995,226	$ 26,550,000	$ (1,155,000)	$ 25,395,000	$ 1,200,000

Debt service requirements are as follows:

Year Ending August 31,	General Obligations Principal	General Obligations Interest	Total Requirements
2024	$ 1,200,000	$ 956,038	$ 2,156,038
2025	1,250,000	906,600	2,156,600
2026	1,300,000	857,175	2,157,175
2027	1,345,000	806,050	2,151,050
2028	1,400,000	751,050	2,151,050
2029-2033	7,480,000	2,881,550	10,361,550
2034-2038	4,600,000	1,653,175	6,253,175
2039-2043	2,605,000	945,600	3,550,600
2044-2048	2,175,000	550,813	2,725,813
2049-2053	2,040,000	145,250	2,185,250
Totals	$ 25,395,000	$ 10,453,301	$ 35,848,301

G. COMMITMENTS UNDER RIGHT-TO-USE LEASE & SBITA

The District has entered into a right-to-use lease for copiers and printers for a combined original cost of $268,667. The interest rate for the lease is 3.94%. The lease was authorized under section 271.005 of the Local Government Code.

On 12/15/2022, the District entered into a 4 year arrangement for PowerSchool Software. The SBITA is payable in monthly payments of $673. The present value of the SBITA payments at inception was $27,965. The effective rate of interest was 7.27%.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

G. COMMITMENTS UNDER RIGHT-TO-USE LEASE & SBITA

Description	Interest Rate	Issue Amount	Interest Current Year	Balance 9/1/2022	Principal Issued	Principal Retired	Adjustment	Balance 8/31/2023
Xerox	3.94%	$ 268,667	$ 8,440	$ 268,667	$ -	$ (77,911)	$ (19,003)	$ 171,753
PowerSchool	7.27%	27,965	1,269	-	27,965	(4,116)	-	23,849
Totals			$ 9,709	$ 268,667	$ 27,965	$ (82,027)	$ (19,003)	$ 195,602

The minimum annual lease payments, which are paid from the general fund, are as follows:

Year Ending	Right-to Use Leases		Total
August 31,	Principal	Interest	Requirements
2024	$ 87,596	$ 6,832	$ 94,428
2025	91,340	3,088	94,428
2026	14,014	18,896	32,910
2027	2,652	40	2,692
Totals	$ 195,602	$ 28,856	$ 224,458

H. CHANGES IN LONG-TERM DEBT

Activity in the Long-Term Debt for the District for the year ended August 31, 2023, was as follows:

	Balance 9/1/2022	Principal Issued	Principal Retired	Adjustments/ Refunded	Balance 8/31/2023	Due Within One Year
General Obligation Bonds	$ 26,550,000	$ -	$ (1,155,000)	$ -	$ 25,395,000	$ 1,200,000
Premium and Discount on Bonds	2,819,096	-	(163,305)	-	2,655,791	163,305
Right-to-Use Lease & SBITA	268,667	27,965	(82,027)	(19,003)	195,602	87,596
Net Pension Liability (District's Share)	2,233,214	3,378,306	(408,925)	-	5,202,595	-
Net OPEB Liability (District's Share)	5,876,033	(2,374,412)	(116,131)	-	3,385,490	-
Total	$ 37,747,010	$ 1,031,859	$ (1,925,388)	$ (19,003)	$ 36,834,478	$ 1,450,901

I. DEFINED BENEFIT PENSION PLAN

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

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

I. DEFINED BENEFIT PENSION PLAN

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

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefit 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 provision for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code, Title 8, Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025. Contribution rates can be found in the TRS 2022 ACFR, Note 11, on page 85.

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

Contribution Rates

	2022	2023
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Current fiscal year employer contributions		$ 454,433
Current fiscal year member contributions		$ 1,082,781
2022 measurement year NECE on-behalf contributions		$ 739,791

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

I. DEFINED BENEFIT PENSION PLAN

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the members' salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025. This surcharge amount is 1.80% for fiscal year 2023.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Net Pension Liability

Components of the net pension liability of the plan as of August 31, 2022 are disclosed below: (From TRS Annual Comprehensive Financial Report 2022, p. 86.)

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

Actuarial Assumptions.

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

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2022	3.91% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc Post-Employment Benefit Changes	None

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

I. DEFINED BENEFIT PENSION PLAN

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

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

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 (see page 54 of the TRS ACFR) are summarized below:

Asset Class*	Target Allocation**	Long-Term Expected Arithmetic Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy and Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Expected Return	100.00%		8.21%

* *Absolute Return includes Credit Sensitive Investments.*
** *Target allocations are based on the FY2022 policy model.*
*** *Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022).*
**** *The volatility drag results from the conversion between arithmetic and geometric mean returns.*

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

I. DEFINED BENEFIT PENSION PLAN

Discount Rate Sensitivity Analysis. The following table presents the District's net pension liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Proportionate share of the net pension liability:	$ 8,093,265	$ 5,202,595	$ 2,859,571

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2023, the District reported a liability of $5,202,595 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 5,202,595
State's proportionate share that is associated with the District	9,412,071
Total	$ 14,614,666

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

On August 31, 2022, the employer's proportion of the collective net pension liability was 0.0087633827%, which was a decrease of -0.0000058533% from its proportion measured as of August 31, 2021.

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

Changes in Benefits - There were no changes in benefits.

For the year ended August 31, 2023, the District recognized pension expense of $1,206,952 and revenue of $899,687 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	$ 75,437	$ 113,426
Changes in actuarial assumptions	969,413	241,605
Differences between projected and actual investment earnings	514,000	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	-	891,134
Contributions paid to TRS subsequent to the measurement date	454,433	-
Total as of fiscal year-end	$ 2,013,283	$ 1,246,165

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

I. DEFINED BENEFIT PENSION PLAN

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

Year ended August 31,	Pension Expense Amount
2024	$ 25,429
2025	(122,988)
2026	(156,403)
2027	504,966
2028	61,680
Thereafter	1

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

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

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2022, as presented in the TRS 2022 ACFR (pg. 76) are as follows:

Components of Liability	Amount
Total OPEB Liability	$ 27,061,942,520
Less: Plan Fiduciary Net Position	(3,117,937,218)
Net OPEB Liability	$ 23,944,005,302
Net Position as Percentage of Total OPEB Liability	11.52%

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

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

TRS-Care Monthly Premium Rates

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

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor which were reported for the district by TRS for the measurement year. These were included in the calculation of the district's proportionate share of the net TRS-Care liability.

Contribution Rates

	2022	2023
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

Current fiscal year employer contributions	$ 127,669
Current fiscal year member contributions	$ 87,976
2022 measurement year NECE on-behalf contributions	$ 141,662

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

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions;

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

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 demographics assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022.

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

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.

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

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

Discount Rate. A single discount rate of 3.91 percent was used to measure the total OPEB liability. This was an increase of 1.96 percent in the discount rate since the previous year. The Discount Rate can be found in the 2023 TRS ACFR on page 77. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Sensitivity of the Net OPEB Liability:

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

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
Proportionate share of the net OPEB liability:	$ 3,991,761	$ 3,385,490	$ 2,894,333

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	$ 2,789,659	$ 3,385,490	$ 4,157,908

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2023, the District reported a liability of $3,385,490 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 3,385,490
State's proportionate share that is associated with the District	4,129,766
Total	$ 7,515,256

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

At August 31, 2022 the employer's proportion of the collective Net OPEB Liability was 0.0141391973% which was a decrease of -0.0010937609% from its proportion measured as of August 31, 2021.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change decreased the total OPEB liability.

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2023, the District recognized OPEB expense of $(1,880,165) and revenue of $(586,047) for support provided by the State.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	$ 188,221	$ 2,820,417
Changes in actuarial assumptions	515,677	2,352,037
Differences between projected and actual investment earnings	10,084	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	13	4,586,227
Contributions paid to TRS subsequent to the measurement date	127,669	-
Total as of fiscal year-end	$ 841,664	$ 9,758,681

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

Year ended August 31,	OPEB Expense Amount
2024	$ (1,682,488)
2025	(1,682,454)
2026	(1,538,890)
2027	(1,344,524)
2028	(1,018,474)
Thereafter	(1,777,856)

K. MEDICARE PART D – ON-BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of $49,895, $45,641, and $67,287 were recognized for the years ended August 31, 2021, 2022, and 2023, respectively, as equal revenues and expenditures.

L. LITIGATION

The District is a party to various litigation under which none may be required to pay certain monies upon the decision of the courts. In the opinion of the District's management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and, accordingly, no provisions or losses have been recorded.

M. RISK MANAGEMENT

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT ACTIVITIES (CONTINUED)

N. COMMITMENTS AND CONTINGENCIES

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

O. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and/or disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. SUBSEQUENT EVENTS

The District has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

End of Notes.

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 2,198,541	$ 2,262,075	$ 2,484,427	$ 222,352
5800	State Program Revenues	13,163,959	13,567,946	15,499,210	1,931,264
5900	Federal Program Revenues	1,845,219	2,151,220	2,354,442	203,222
5020	Total Revenues	17,207,719	17,981,241	20,338,079	2,356,838
	EXPENDITURES:				
	Current:				
0011	Instruction	6,398,897	6,753,897	6,748,573	5,324
0012	Instructional Resources and Media Services	50,000	50,000	5,842	44,158
0013	Curriculum and Instructional Staff Development	111,350	111,350	110,751	599
0021	Instructional Leadership	228,676	228,676	207,965	20,711
0023	School Leadership	785,793	810,793	801,463	9,330
0031	Guidance, Counseling, and Evaluation Services	339,998	439,998	439,586	412
0033	Health Services	171,000	171,000	168,903	2,097
0034	Student (Pupil) Transportation	640,455	865,455	718,746	146,709
0035	Food Services	1,236,534	1,576,534	1,565,359	11,175
0036	Extracurricular Activities	665,725	1,050,725	945,388	105,337
0041	General Administration	890,593	1,120,593	870,837	249,756
0051	Facilities Maintenance and Operations	4,211,541	3,811,541	3,058,335	753,206
0052	Security and Monitoring Services	290,462	385,462	383,227	2,235
0053	Data Processing Services	533,818	433,818	377,895	55,923
0061	Community Services	47,998	47,998	41,495	6,503
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	82,027	(82,027)
0072	Interest on Long-Term Liabilities	-	-	9,709	(9,709)
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	25,000	31,000	31,000	-
0099	Other Intergovernmental Charges	36,000	36,000	23,439	12,561
6030	Total Expenditures	16,663,840	17,924,840	16,590,540	1,334,300
1100	Excess of Revenues Over Expenditures	543,879	56,401	3,747,539	3,691,138
	OTHER FINANCING SOURCES (USES):				
7913	Proceeds of Right-to-Use Lease	-	-	27,965	27,965
7915	Transfers In	-	-	3,998,200	3,998,200
8911	Transfers Out (Use)	-	-	(4,598,200)	(4,598,200)
7080	Total Other Financing Sources (Uses)	-	-	(572,035)	(572,035)
1200	Net Change in Fund Balances	543,879	56,401	3,175,504	3,119,103
0100	Fund Balance - September 1 (Beginning)	8,800,317	8,800,317	8,800,317	-
3000	Fund Balance - August 31 (Ending)	$ 9,344,196	$ 8,856,718	$ 11,975,821	$ 3,119,103

PROGRESO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.008763383%	0.008769236%	0.009521144%
District's Proportionate Share of Net Pension Liability (Asset)	$ 5,202,595	$ 2,233,214	$ 5,099,330
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	9,412,071	4,303,821	9,962,085
Total	$ 14,614,666	$ 6,537,035	$ 15,061,415
District's Covered Payroll	$ 12,086,093	$ 11,831,002	$ 12,544,226
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.05%	18.88%	40.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.011005507%	0.01296485%	0.013352713%	0.013383573%	0.0140278%	0.0082172%
$ 5,721,006	$ 7,136,168	$ 4,269,478	$ 5,057,453	$ 4,958,641	$ 2,194,928
10,522,826	11,265,942	7,127,087	8,816,982	7,060,066	6,840,964
$ 16,243,832	$ 18,402,110	$ 11,396,565	$ 13,874,435	$ 12,018,707	$ 9,035,892
$ 12,962,504	$ 13,448,483	$ 14,626,381	$ 13,645,670	$ 12,018,707	$ 9,035,892
44.14%	53.06%	29.19%	37.06%	41.26%	24.29%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

	2023	2022	2021
Contractually Required Contribution	$ 454,433	$ 414,125	$ 376,912
Contribution in Relation to the Contractually Required Contribution	(454,433)	(414,125)	(376,912)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 13,534,746	$ 12,086,093	$ 11,831,002
Contributions as a Percentage of Covered Payroll	3.36%	3.43%	3.19%

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

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

2020	2019	2018	2017	2016	2015
$ 389,754	$ 403,578	$ 430,376	$ 439,185	$ 425,229	$ 415,699
(389,754)	(403,578)	(430,376)	(439,185)	(425,229)	(415,699)
$ -	$ -	$ -	$ -	$ -	$ -
$ 12,544,226	$ 12,962,504	$ 13,448,483	$ 14,626,381	$ 13,645,670	$ 11,919,158
3.11%	3.11%	3.20%	3.00%	3.12%	3.49%

PROGRESO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.014139197%	0.015232958%	0.016842662%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 3,385,490	$ 5,876,033	$ 6,402,656
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	4,129,766	7,872,574	8,603,636
Total	$ 7,515,256	$ 13,748,607	$ 15,006,292
District's Covered Payroll	$ 12,086,093	$ 11,731,002	$ 12,544,226
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	28.01%	50.09%	51.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

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

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.019972575%	0.020811847%	0.026702385%
$ 9,445,275	$ 10,391,546	$ 11,611,866
12,550,659	10,617,476	9,807,042
$ 21,995,934	$ 21,009,022	$ 21,418,908
$ 12,962,504	$ 13,448,483	$ 14,626,381
72.87%	77.27%	79.39%
2.66%	1.57%	0.91%

PROGRESO INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	$ 127,669	$ 118,824	$ 121,679
Contribution in Relation to the Contractually Required Contribution	(127,669)	(118,824)	(121,679)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 13,534,746	$ 12,086,093	$ 11,731,002
Contributions as a Percentage of Covered Payroll	0.94%	0.98%	1.04%

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

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

	2020		2019		2018
$	130,184	$	152,721	$	163,022
	(130,184)		(152,721)		(163,022)
$	-	$	-	$	-
$	12,544,226	$	12,962,504	$	13,448,483
	1.04%		1.18%		1.21%

Budgetary Information

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Child Nutrition Program which is included in the General Fund. The District is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds. The District compares the final amended budget to actual revenue and expenditures. The District presented the General Fund budgetary comparison schedule as required supplementary information. The Child Nutrition Program and Debt Service Fund budgetary comparison schedules are presented as required TEA schedules.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must be given.

3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.

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

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

COMBINING STATEMENTS

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

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ 228,153	$ 4,525
1210	Property Taxes - Current	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	223,551	67,642	27,409	-
1000	Total Assets	$ 223,551	$ 67,642	$ 255,562	$ 4,525
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ -
2160	Accrued Wages Payable	10,037	3,918	4,313	-
2170	Due to Other Funds	212,347	63,266	250,971	4,525
2180	Due to Other Governments	-	-	183	-
2200	Accrued Expenditures	1,167	458	95	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	223,551	67,642	255,562	4,525
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	-	-	-	-
	FUND BALANCES				
	Restricted Fund Balance:				
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 223,551	$ 67,642	$ 255,562	$ 4,525

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	274 GEAR UP	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds
$ -	$ 99,213	$ 6,582	$ -	$ -	$ -	$ 4,543	$ 9,229
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,005	6,049	21,723	58,821	66,085	178,148	24,407	-
$ 25,005	$ 105,262	$ 28,305	$ 58,821	$ 66,085	$ 178,148	$ 28,950	$ 9,229
$ -	$ -	$ -	$ 2,738	$ -	$ -	$ -	$ -
-	-	4,380	-	-	74,542	-	-
25,005	105,262	23,413	56,083	66,085	101,995	28,950	-
-	-	-	-	-	-	-	-
-	-	512	-	-	1,611	-	-
-	-	-	-	-	-	-	9,229
25,005	105,262	28,305	58,821	66,085	178,148	28,950	9,229
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 25,005	$ 105,262	$ 28,305	$ 58,821	$ 66,085	$ 178,148	$ 28,950	$ 9,229

EXHIBIT H-1

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

Data Control Codes		429 Other State Special Revenue Funds	Total Nonmajor Special Revenue Funds	599 Debt Service	Total Nonmajor Governmental Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ 352,245	$ 789,659	$ 1,141,904
1210	Property Taxes - Current	-	-	101,883	101,883
1230	Allowance for Uncollectible Taxes	-	-	(5,094)	(5,094)
1240	Due from Other Governments	-	698,840	-	698,840
1000	Total Assets	$ -	$ 1,051,085	$ 886,448	$ 1,937,533
	LIABILITIES				
2110	Accounts Payable	$ -	$ 2,738	$ -	$ 2,738
2160	Accrued Wages Payable	-	97,190	-	97,190
2170	Due to Other Funds	-	937,902	-	937,902
2180	Due to Other Governments	-	183	110,353	110,536
2200	Accrued Expenditures	-	3,843	-	3,843
2300	Unearned Revenue	-	9,229	-	9,229
2000	Total Liabilities	-	1,051,085	110,353	1,161,438
	DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	96,789	96,789
2600	Total Deferred Inflows of Resources	-	-	96,789	96,789
	FUND BALANCES				
	Restricted Fund Balance:				
3480	Retirement of Long-Term Debt	-	-	679,306	679,306
3000	Total Fund Balances	-	-	679,306	679,306
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ -	$ 1,051,085	$ 886,448	$ 1,937,533

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

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	6,785	-
5900	Federal Program Revenues	818,119	211,455	105,250	-
5020	Total Revenues	818,119	211,455	112,035	-
	EXPENDITURES:				
	Current:				
0011	Instruction	408,030	109,464	96,409	-
0012	Instructional Resources and Media Services	114,622	-	-	-
0013	Curriculum and Instructional Staff Development	20,297	-	-	-
0021	Instructional Leadership	99,222	9,183	9,838	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	63,237	-	5,788	-
0032	Social Work Services	-	92,808	-	-
0033	Health Services	6,448	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0041	General Administration	31,229	-	-	-
0052	Security and Monitoring Services	6,901	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	68,133	-	-	-
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	-	-
0072	Interest on Long-Term Liabilities	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	818,119	211,455	112,035	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	274 GEAR UP	279 ESSER III TCLAS ARP Act	281 ESSER II CRRSA Act Supplemental	289 Other Federal Special Revenue Funds	379 Other Federal SSA Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	13,050	83,193	-	-
25,005	121,934	108,283	94,071	130,775	1,197,995	84,947	-
25,005	121,934	108,283	94,071	143,825	1,281,188	84,947	-
25,005	7,744	90,032	11,887	30,752	1,281,188	50,211	-
-	-	-	-	-	-	-	-
-	7,103	17,116	5,432	-	-	5,953	-
-	-	-	-	112,978	-	-	-
-	768	-	-	-	-	-	-
-	-	-	76,752	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	95	-	-	-
-	11,551	-	-	-	-	-	-
-	-	-	-	-	-	28,687	-
-	-	-	-	-	-	96	-
-	94,768	1,135	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,005	121,934	108,283	94,071	143,825	1,281,188	84,947	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

Data Control Codes		429 Other State Special Revenue Funds	Total Nonmajor Special Revenue Funds	599 Debt Service	Total Nonmajor Governmental Funds
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ 1,000,980	$ 1,000,980
5800	State Program Revenues	-	103,028	857,187	960,215
5900	Federal Program Revenues	-	2,897,834	-	2,897,834
5020	Total Revenues	-	3,000,862	1,858,167	4,859,029
	EXPENDITURES:				
	Current:				
0011	Instruction	-	2,110,722	-	2,110,722
0012	Instructional Resources and Media Services	-	114,622	-	114,622
0013	Curriculum and Instructional Staff Development	-	55,901	-	55,901
0021	Instructional Leadership	-	231,221	-	231,221
0023	School Leadership	-	768	-	768
0031	Guidance, Counseling, and Evaluation Services	-	145,777	-	145,777
0032	Social Work Services	-	92,808	-	92,808
0033	Health Services	-	6,448	-	6,448
0034	Student (Pupil) Transportation	-	95	-	95
0041	General Administration	-	42,780	-	42,780
0052	Security and Monitoring Services	-	35,588	-	35,588
0053	Data Processing Services	-	96	-	96
0061	Community Services	-	164,036	-	164,036
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	1,155,000	1,155,000
0072	Interest on Long-Term Liabilities	-	-	1,003,476	1,003,476
0073	Bond Issuance Cost and Fees	-	-	4,574	4,574
6030	Total Expenditures	-	3,000,862	2,163,050	5,163,912
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(304,883)	(304,883)
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	600,000	600,000
1200	Net Change in Fund Balance	-	-	295,117	295,117
0100	Fund Balance - September 1 (Beginning)	-	-	384,189	384,189
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ 679,306	$ 679,306

REQUIRED TEA SCHEDULES

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

Last 10 Years Ended August 31		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2014	and prior years	Various	Various	$ Various
2015		1.040000	0.287500	131,288,902
2016		1.040000	0.330000	137,661,730
2017		1.040000	0.330000	142,261,059
2018		1.040000	0.350000	175,092,025
2019		1.040000	0.350000	174,983,413
2020		0.970000	0.350000	179,233,280
2021		0.910000	0.350000	193,951,648
2022		0.992000	0.268000	215,652,948
2023	(School year under audit)	0.878100	0.451800	228,862,592
1000	TOTALS			
8000	Total Taxes Refunded Under Section 26.115, Tax Code			

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
$ 71,612	$ -	$ 498	$ 111	$ (734)	$ 70,269
7,241	-	38	12	-	7,191
5,311	-	25	8	-	5,278
4,711	-	467	157	-	4,087
7,225	-	1,869	629	-	4,727
10,668	-	2,735	920	(753)	6,260
14,487	-	2,480	895	460	11,572
33,145	-	8,606	3,310	(4,718)	16,511
129,412	-	57,647	15,574	(18,658)	37,533
-	3,013,695	1,856,522	955,217	(24,513)	177,443
$ 283,812	$ 3,013,695	$ 1,930,887	$ 976,833	$ (48,916)	$ 340,871
		$ 0.00			

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 25,000	$ 25,000	$ 12,164	$ (12,836)
5800	State Program Revenues	100,000	100,000	81,880	(18,120)
5900	Federal Program Revenues	1,111,534	1,111,534	1,640,097	528,563
5020	Total Revenues	1,236,534	1,236,534	1,734,141	497,607
	EXPENDITURES:				
	Current:				
0035	Food Services	1,236,534	1,236,534	1,565,359	(328,825)
6030	Total Expenditures	1,236,534	1,236,534	1,565,359	(328,825)
1100	Excess of Revenues Over Expenditures	-	-	168,782	168,782
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	2,569	2,569
1200	Net Change in Fund Balances	-	-	171,351	171,351
0100	Fund Balance - September 1 (Beginning)	414,006	414,006	414,006	-
3000	Fund Balance - August 31 (Ending)	$ 414,006	$ 414,006	$ 585,357	$ 171,351

EXHIBIT J-3

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 1,010,410	$ 1,010,410	$ 1,000,980	$ (9,430)
5800	State Program Revenues	845,569	845,569	857,187	11,618
5020	Total Revenues	1,855,979	1,855,979	1,858,167	2,188
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Liabilities	1,155,000	1,155,000	1,155,000	-
0072	Interest on Long-Term Liabilities	1,003,850	1,003,850	1,003,476	374
0073	Bond Issuance Cost and Fees	-	-	4,574	(4,574)
6030	Total Expenditures	2,158,850	2,158,850	2,163,050	(4,200)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(302,871)	(302,871)	(304,883)	(2,012)
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	600,000	600,000
1200	Net Change in Fund Balances	(302,871)	(302,871)	295,117	597,988
0100	Fund Balance - September 1 (Beginning)	384,189	384,189	384,189	-
3000	Fund Balance - August 31 (Ending)	$ 81,318	$ 81,318	$ 679,306	$ 597,988

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

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$1,859,665.60
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	$1,154,463.25

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.	$554,959.14
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	$304,156.14

FEDERAL AWARDS SECTION

Cascos & Associates, PC
Certified Public Accountants
Audit/Accounting/Tax/Consulting

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

The Board of Trustees of
Progreso Independent School District
Progreso, 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 Progreso Independent School District (the District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.*

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Purpose of this Report

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

Cascos & Associates, PC

Cascos & Associates, PC
Brownsville, Texas
December 18, 2023

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

The Board of Trustees of
Progreso Independent School District
Progreso, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Cascos & Associates, PC

Cascos & Associates, PC
Brownsville, Texas
December 18, 2023

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

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Assistance Listing No.	(3) Pass-Through Entity Identifying No.	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through ESC Region One:			
Gear Up	84.334A	P334A180025	$ 94,071
Total Passed Through ESC Region One			94,071
Passed Through Texas Education Agency:			
ESEA, Title I, Part A-Improving Basic Programs	84.010A	23-610101108910	868,646
Title 1, Part C - Migrant	84.011A	23-615001108910	224,404
* SSA IDEA Part B Formula	84.027A	23-6600011089106000	111,566
Carl D. Perkins Basic Formula	84.048A	23-420006108910	25,005
Title III Part A English Language Acquisition	84.365A	23-671001108910	114,757
ESEA Title II Part A-Teacher & Principal Training & Recruitment	84.367A	23-694501108910	121,934
COVID - 19 - TCLAS ESSER III Grant	84.425U	21-528042108910	130,775
COVID - 19 - ESSER Grant	84.425D	20-521001108910	26,628
COVID - 19 - CRRSA ESSER II Grant	84.425D	21-521001108910	1,405,191
COVID - 19 - ARP ESSER III Grant	84.425U	21-528001108910	2,309,590
Total Assistance Listing No. 84.425			3,872,184
Title IV, Part A - Subpart I	84.424A	23-680101108910	90,265
Total Passed Through Texas Education Agency			5,428,761
Total U.S. Department of Education			5,522,832
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Health and Human Services Commission			
Medical Administratrive Claiming Program - MAC Cluster	93.778	N/A	7,209
Total Passed Through Texas Health and Human Services Commission			7,209
Total U.S. Department of Health and Human Services			7,209

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

(1) Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(2) Assistance Listing No.	(3) Pass-Through Entity Identifying No.	(4) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Education Agency:			
** School Breakfast Program	10.553	71402301	580,960
** National School Lunch Program	10.555	71302301	981,295
Total Passed Through Texas Education Agency			1,562,255
Passed Through Texas Department of Agriculture:			
**Commodity Supplemental Food Program - Non-cash Assistance	10.555	108-910	77,841
Total Passed Through Texas Department of Agriculture			77,841
Total U.S. Department of Agriculture			1,640,096
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 7,170,137

* Total Special Education Cluster - $111,566

** Total Child Nutrition Cluster - $1,640,096

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

1. GENERAL

The Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all applicable federal award programs of Progreso Independent School District (the "District"). The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

In accordance with TEA instructions, federal funds for the School Health and Related Services (SHARS) have been excluded from the Schedule of Expenditures of Federal Awards.

Federal funds for the Child Nutrition Cluster, School Health and Related Services (SHARS), Commodity Supplemental Food Program – Non-cash Assistance, and revenues for indirect cost are reported in the General Fund. All other federal programs are accounted for and reported in Special Revenue Funds.

2. BASIS OF ACCOUNTING AND PRESENTATION

The Schedule is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements.

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 Awards* (Uniform Guidance). Therefore, some of the amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. PASS-THROUGH EXPENDITURES

None of the federal program funds expended by the District were provided to subrecipients.

4. INDIRECT COSTS

The District has received a negotiated indirect cost rate from TEA and may not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f) - Indirect (F&A) costs.

5. RECONCILIATION

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance- Government Funds (Exhibit C-3)	$	7,179,128
Less:		
SHARS		8,991
	$	7,170,137

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

I. Summary of the Auditors' Results:

Financial Statements

Type of auditors' report on financial statements in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified:	No
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified:	No
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Type of auditors' report on compliance with major programs:	Unmodified
Any audit findings which are required to be reported in accordance with 2 CRF 200.516(a):	No

Major programs are as follows:

Name of Federal Program or Cluster:	Assistance Listing Numbers:
Education Stabilization Fund	
COVID - 19 - TCLAS ESSER III Grant	84.425U
COVID - 19 - ESSER Grant	84.425D
COVID - 19 - CRRSA ESSER II Grant	84.425D
COVID - 19 - ARP ESSER III Grant	84.425U
ESEA Title I, Part A – Improving Basic Programs	84.010A

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Low risk auditee:	Yes

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.