

**The Lockhart Independent School District
Board of Trustees**

**M.L. Cisneros Education Support Center Boardroom, 2nd Floor, Room 200, 419 Bois D'Arc Street,
Lockhart, TX 78644**

Special Meeting, November 20, 2023 – 4:15 PM

Notice is hereby given that on November 20, 2023, the Board of Trustees of the Lockhart Independent School District will hold a Special meeting at 4:15 PM in the M.L. Cisneros Education Support Center Boardroom, 2nd Floor, Room 200, 419 Bois D'Arc Street, Lockhart, TX 78644. The subjects to be discussed or considered or upon which any formal action may be taken are listed below. Items do not have to be taken in the same order as shown on this meeting notice.

1. Call to Order
2. Public Comment
3. COMMUNICATION/ACTION:
 - A. Approve Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2023 2
 - B. Consideration and take action regarding Order Canvassing the November 7, 2023 Voter Approval Tax Rate Election Results 143
 - C. Approve Budget Amendments 148
4. ADJOURNMENT

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Government Code, Chapter 551, Subchapters D and E or Texas Government Code section 418.183(f). Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting. [See BEC(LEGAL)]

Texas Government Code Section:

- | | |
|---------|--|
| 551.071 | Consultation with Attorney; Closed Meeting |
| 551.072 | Deliberation Regarding Real Property; Closed Meeting |
| 551.073 | Deliberation Regarding Prospective Gift; Closed Meeting |
| 551.074 | Personnel Matters; Deliberate the Appointment, Employment, Evaluation, Reassignment, Duties, Discipline or Dismissal of a Public Officer or Employee; Closed Meeting |
| 551.075 | Conference Relating to Investments and Potential Investments Attended by Board of Trustees of Texas Growth Fund; Closed Meeting |
| 551.076 | Deliberation Regarding Security Devices; Closed Meeting |
| 551.082 | School Children; School District Employees; Disciplinary Matter or Complaint |
| 551.083 | Certain School Boards; Closed Meeting Regarding Consultation with Representative of Employee Group |
| 551.084 | Investigation; Exclusion of Witness from Hearing |

Should any final action, final decision, or final vote be required in the opinion of the School Board with regard to any matter considered in such closed or executive meeting or session, then the final decision, or final vote shall be either:

- (a) in the open meeting covered by the Notice upon the reconvening of the public meeting; or,
- (b) at a subsequent public meeting of the School Board upon notice thereof; as the School Board shall determine.

On this day of November 17, 2023, this Notice was mailed or faxed to news media who had previously requested such Notice and an original copy was posted on the display window in the School District Administration Building on said date.



Superintendent

Lockhart Independent School District Board of Trustees

Date of Board Meeting:

Agenda Item:

AGENDA SECTION:

READING:

PREVIOUS BOARD REVIEW DATE:

TYPE OF ACTION:

DEPARTMENT:

DISTRICT GOAL(S) ALIGNMENT:

1. Create innovative opportunities for ALL students to prepare for success beyond graduation.
2. Every campus will have an A rating by 2028 through exemplary teaching and student-centered learning.
3. Cultivate an environment where our employees choose Lockhart Independent School District.

AGENDA TITLE:

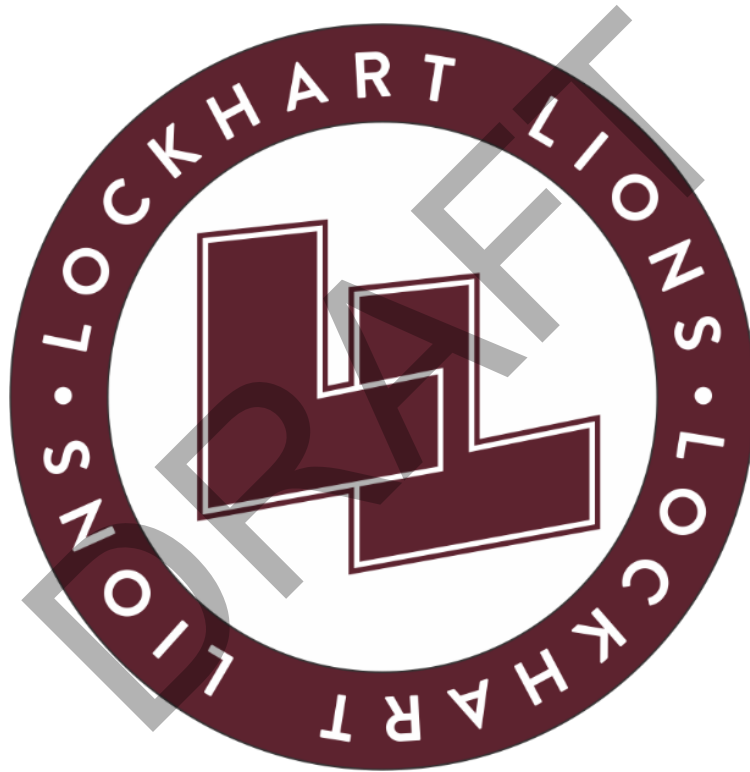
BACKGROUND INFORMATION:

ATTACHMENT(S):

RECOMMENDATION:

RECOMMENDED MOTION:

**LOCKHART INDEPENDENT SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**



Lockhart, Texas

Prepared by the Business and Finance Office

Nicole Weiser, Chief Financial Officer

LOCKHART INDEPENDENT SCHOOL DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

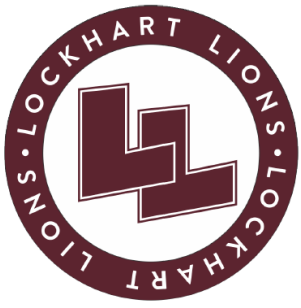
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement	viii
Organizational Chart	ix
List of Principal Officials	x
Certificate of Board	xi
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
Government-wide Statements:	
A-1 Statement of Net Position	9
B-1 Statement of Activities	10
Governmental Fund Financial Statements:	
C-1 Balance Sheet	12
C-2 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
C-3 Statement of Revenues, Expenditures and Changes in Fund Balances	15
C-4 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Fund Financial Statements:	
D-1 Statement of Net Position	18
D-2 Statement of Revenues, Expenses and Changes in Net Position	19
D-3 Statement of Cash Flows	20
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Position	21
E-2 Statement of Changes in Fiduciary Net Position	22

Notes to the Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	
G-1 Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.....	45
G-2 Schedule of the District’s Proportionate Share of the Net Pension Liability – Teacher Retirement System.....	46
G-3 Schedule of District’s Pension Contributions – Teacher Retirement System.....	48
G-4 Schedule of District’s Proportionate Share of the Net OPEB Liability – Teacher Retirement System.....	50
G-5 Schedule of District’s OPEB Contributions – Teacher Retirement System	52
Notes to Required Supplementary Information	54
COMBINING STATEMENTS	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	55
H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	61
Nonmajor Proprietary Funds:	
H-3 Combining Statement of Net Position	67
H-4 Combining Statement of Revenues, Expenses and Changes in Net Position	69
H-5 Combining Statement of Cash Flows.....	71
REQUIRED TEA SCHEDULES	
J-1 Schedule of Delinquent Taxes Receivable.....	73
J-2 Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – National Lunch and Breakfast Program	75
J-3 Schedule of Revenues, Expenditures and Changes in Fund balance Budget and Actual – Debt Service Fund.....	76
J-4 Use of Funds Report – Select State Allotment Programs.....	77
STATISTICAL SECTION	
TABLE 1 Net Position by Component.....	78
TABLE 2 Changes in Net Position.....	80
TABLE 3 Fund Balances of Governmental Funds	82
TABLE 4 Changes in Fund Balances of Governmental Funds	84
TABLE 5 Assessed Value and Estimated Actual Value of Taxable Property.....	86
TABLE 6 Direct and Overlapping Property Tax Rates.....	88
TABLE 7 Principal Property Taxpayers.....	89

TABLE 8	Property Tax Levies and Collections	91
TABLE 9	Outstanding Debt by Type	92
TABLE 10	Ratios of Debt Outstanding	93
TABLE 11	Direct and Overlapping Governmental Activities Debt.....	94
TABLE 12	Legal Debt Margin Information	95
TABLE 13	Demographic and Economic Statistics	97
TABLE 14	Principal Employers	98
TABLE 15	Full-Time-Equivalent Employees by Function/Program.....	100
TABLE 16	Operating Statistics	102
TABLE 17	Teacher Base Salaries	104
TABLE 18	School Building Information	105
COMPLIANCE SECTION		
	Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	109
	Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	111
K-1	Schedule of Expenditures of Federal Awards.....	114
	Notes to Schedule of Expenditures of Federal Awards	116
	Schedule of Findings and Questioned Costs	117



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November 20, 2023

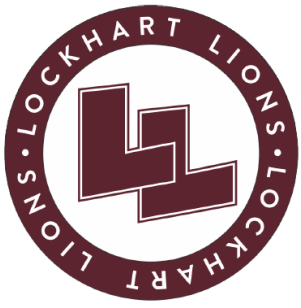
Board of Trustees and Citizens of Lockhart ISD
Lockhart Independent School District
P.O. Box 120
Lockhart, TX 78644

Dear Board of Trustees and Citizens of Lockhart ISD:

The Annual Comprehensive Financial Report of the Lockhart Independent School District (the District) for the twelve months ended June 30, 2023 is hereby submitted. The District's Business Office prepared the report. This report conforms to generally accepted accounting principles and standards as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures rests with school district management. We believe the data, as presented, are accurate in all material aspects; that it is presented in a manner designed to fairly present the financial position and the results of operations of the District as measured by the financial activity of its various funds. Furthermore, we believe that all disclosures necessary to enable the reader to gain the full understanding of the District's financial affairs have been included in this report. Management's discussion and analysis beginning on page 4 provides further information.

The District is required to be audited under an annual single audit in conformity with the provisions of the Single Audit Act, and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The Texas Education Agency also requires a Schedule of Expenditures of Federal Awards, findings and questioned costs, status of prior findings and the auditor's reports on compliance with applicable laws and regulations and the District's internal control structure. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefit likely to be acquired; and (2) the valuation of costs and benefits requires estimates and judgments by management. All areas were found to be acceptable and the auditor's opinions in this regard were unmodified. The auditor's opinion is included in this report.

The District's independent certified public accountants, Pattillo, Brown & Hill LLP, have examined the accompanying financial statements, and their opinion is included in the financial section. The statistical section (unaudited) includes selected financial and demographic information presented on a multi-year basis.



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The Reporting Entity and Its Services

Basic Information

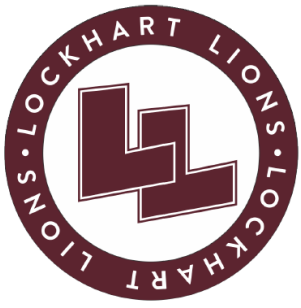
This report includes all of the funds and account groups of the District. The District provides elementary and secondary education (Pre-Kindergarten to 12th grade) to citizens within the school district. Lockhart Independent School District is an independent school district incorporated as a political subdivision of the State of Texas. The FY 2022-2023 total enrollment was 6,443 as of the Public Education Information Management System (PEIMS) snapshot date in October 2022. The District has 405 certified teachers, 127 other professional staff, 30 administrative staff and 231 paraprofessional and other auxiliary staff.

A seven-member Board of Trustees governs the District in accordance with state statutes and regulations. Members serve four-year staggered terms without compensation. Three members of the Board of Trustees are elected for at-large seats, using a cumulative voting system in which a voter may cast all three of his/her votes for a single candidate, or split his/her three votes between two candidates, or cast one vote for three different candidates. This system was dictated by the Federal Department of Justice to facilitate election of trustees from ethnic minority groups. Four other trustees are elected to represent four single-member districts.

The Board of Trustees operates as a policy making body, delegating management to the single executive head (the Superintendent), setting annual District goals, and evaluating policies in terms of effectiveness in attaining District goals. The Board of Trustees delegates hiring and dismissal of all staff to the Superintendent.

The Superintendent and the administrative staff execute the policies of the Board, assume responsibility for the daily operation of the District, make recommendations to the Board in matters of policy and personnel, prepare the budget, and report to the Board on matters relating to the progress of the District in attaining the goals set by the Board.

The District provides a comprehensive range of school programs and services as delineated by state statute, such as career and technology education, bilingual education, special education, gifted and talented education, fine arts, athletics, voluntary alternative education, disciplinary education and numerous remedial, elective, and enrichment programs provided at age-appropriate grades. Support activities include social work, student and staff daycare, after-school care, community education, student transportation, food service, administrative support, technology, maintenance and custodial services. The District does not operate any component units.



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Budgetary Control

Budgetary control is initiated when the Board adopts the annual appropriated budget for the General Fund, School Nutrition Fund and the Debt Service Funds. To ensure budgetary compliance, the Texas Education Agency (TEA) and the District have established spending regulations and policies. The District's local policies can be found at the District's website at <http://pol.tasb.org/Home/Index/245> in the Board of Trustees policy manual. For all administrators with line item or program responsibility, TEA regulations set the level of budgetary control at the major functional expenditure level. Budgetary control is more restrictive at the district level. District Administrators are held responsible for maintaining and managing their budgets at the program, function and object level. All requested revisions that indicate a change in function require prior approval by the Board of Trustees. In addition, the Business Office conducts annual training for all staff to ensure District-wide compliance with budgetary controls.

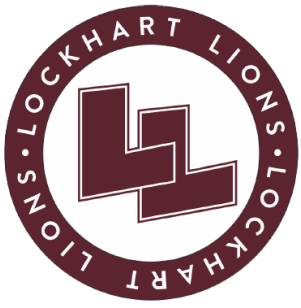
Economic Condition and Outlook

Local Economy

Lockhart Independent School District (the District) is located in and around the city of Lockhart which is the county seat and principal commercial center of Caldwell County. Lockhart is located about 30 miles southeast of Austin and 60 miles northeast of San Antonio. Over the past century, Caldwell County's economy has changed from cattle to cotton to oil. Within the District is the City of Lockhart. The county seat and commercial center is in the City of Lockhart.

Though some of Caldwell County's employment still remains in the oil and gas industry, the local economy is primarily engaged in services, local government and agriculture. Caldwell County is a prime location for business. The economic base includes minerals such as sand, oil, gravel and gas. Agricultural industries consist of nurseries, hay, eggs, cotton, broiler production and beef cattle.

Lockhart is just twenty-five miles south of Austin-Bergstrom International airport. Lockhart is home to the BBQ Capital of Texas, attracting over 1.5 million visitors per year. The Caldwell County Courthouse square is one of the most visited and photographed squares in the state. Lockhart has attracted musicians, artists, artisans and local events, which attract out-of-town visitors regularly.



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There are several higher learning institutions within 30 miles of Lockhart, including Texas State University in San Marcos, The University of Texas at Austin, and Austin Community College (ACC). Lockhart is an easy commute for those seeking higher education. ACC began delivering vocational training at the District's ML Cisneros campus in late 2018, as a result of a memorandum of understanding between ACC, the District, and the Lockhart Economic Development Corporation.

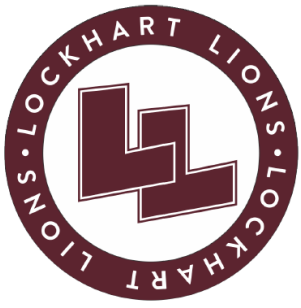
State Highway 130 (SH130) toll road bypass passes through Caldwell County and provides a thoroughfare for NAFTA-based traffic. The county is traversed by Interstate Highway 10, U.S. Highway 183 and State Highways 21, 80 and 304.

With land being less expensive than Austin, the county is an affordable location for industries interested in moving to the Austin area but unwilling to pay the higher costs associated with being within the city. Lockhart has a small town quality of life, two industrial parks, job training, productive labor supply, and state and local incentives. The Lockhart Chamber of Commerce, Hispanic Chamber of Commerce and the Lockhart Economic Development Corporation is attracting residential, commercial and industrial developments to the city, ETJ and Caldwell County.

The Board of Trustees approved a Freeport Tax Exemption in April 2009. All three taxing entities: city, county and school district, have approved the exemption, offering businesses a "Triple Freeport Exemption", which should give Lockhart the additional tools needed to compete regionally and nationally to recruit companies to the area. The exemption gives companies the ability to store inventory in the county, tax-free, as long as it is shipped out within 175 days of the date that it is acquired.

Projections

Enrollment is currently at 6,619 in 2023-2024, an increase of 176 students from 2022-2023, a 2.7% increase. The adopted 2023-2024 General Fund budget is \$62,418,269, an increase from \$60,277,753 in 2022-2023 of \$2,140,516. The increase in funding is attributable to an increase in student enrollment, which generates higher average daily attendance that generates additional state funding. The District presented a budget for 2023-2024, which provided for additional staffing to serve the increase in the number of students and increased maintenance and operations budgets to support the increased student enrollment as well as rising operating costs.



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Long-term Financial Policies

The District's General Fund balance has been constantly increasing over the past few years. The District has a policy of paying cash (pay as you go) when appropriate, for capital projects. The District maintains a list of deferred capital improvement projects and when funds are available, initiates the completion of the projects. Additionally, the Administration and the Board review multi-year forecasting annually and adjust the budget to compensate for projected revenue decreases and increases. In 2022-2023, the District invested \$473,308 in one-time capital improvement projects, using General Fund balance.

Relevant Financial Policies

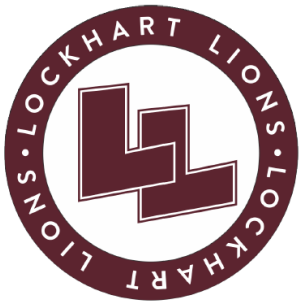
The 2023-2025 bank depository agreement provides for a floor of 1.00% in interest income and is secured by collateral. In the 2023-2025 bank depository agreement, additional terms included above average certificates of deposit interest rates.

The District prioritizes capital spending plans based on safety, security and quality of education needs. Additional financial policies include one-time spending plans for non-recurring revenue, staffing ratio analyses, demographic studies, debt affordability reviews, and user fee cost-recovery analysis and implementation.

Awards and Acknowledgements

Awards

The Texas Education Agency has a Financial Accountability Rating System named Schools FIRST (Financial Integrity Rating System of Texas). This rating system was required in SB 218 of the 77th Texas Legislature (2001). The primary goal of Schools FIRST is to improve the management of school districts' financial resources. The rating system uses base indicators that are simple and understandable. Schools FIRST is a model for increased financial management efficiency in public schools.



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Lockhart Independent School District has received the Schools FIRST Superior Achievement ratings for each of the twelve consecutive school years 2001-2002 through 2012-2013. The Superior Achievement rating was the highest that a school district could receive through 2012-2013. Due to legislative changes to the FIRST program, for the 2013-2014 school year, there was only a pass or fail rating. The District passed the FIRST accountability rating. For the 2014-2015 through 2021-2022 school years, the District received a Schools FIRST Superior Achievement rating. This makes twenty-one consecutive years of receiving the highest rating possible.

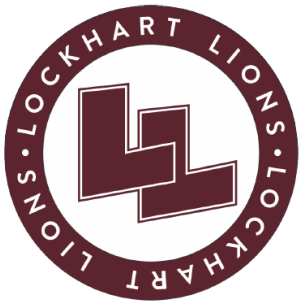
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lockhart Independent School District for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A GFOA Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate. This will be the seventeenth submission for the District.

Acknowledgements

We respectfully acknowledge the responsible and sincere involvement and participation of the school board, superintendent, principals, program directors, coordinators and other staff in the financial affairs of the District.

Sincere appreciation is also expressed to members of the business office staff for their assistance and effort in maintaining and monitoring the financial records of the District. Individual recognition is directed to Michelle Wylie, Melissa Kelley, Brande Sifuentes, Tina Ramirez, Tanya Homann, Lizz Cutney and Nancy Arana for their combined efforts in closing out the accounting records and assisting in preparing the various financial reports throughout the year and at year-end.



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Lockhart Independent School District publicly solicits the active involvement of all citizens and the District's personnel in its financial affairs. The financial records are available on the District website for public inspection, and discussion by appointment, during normal office hours.

Respectfully submitted,

Nicole Weiser
Chief Financial Officer

DRAFT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lockhart Independent School District
Texas**

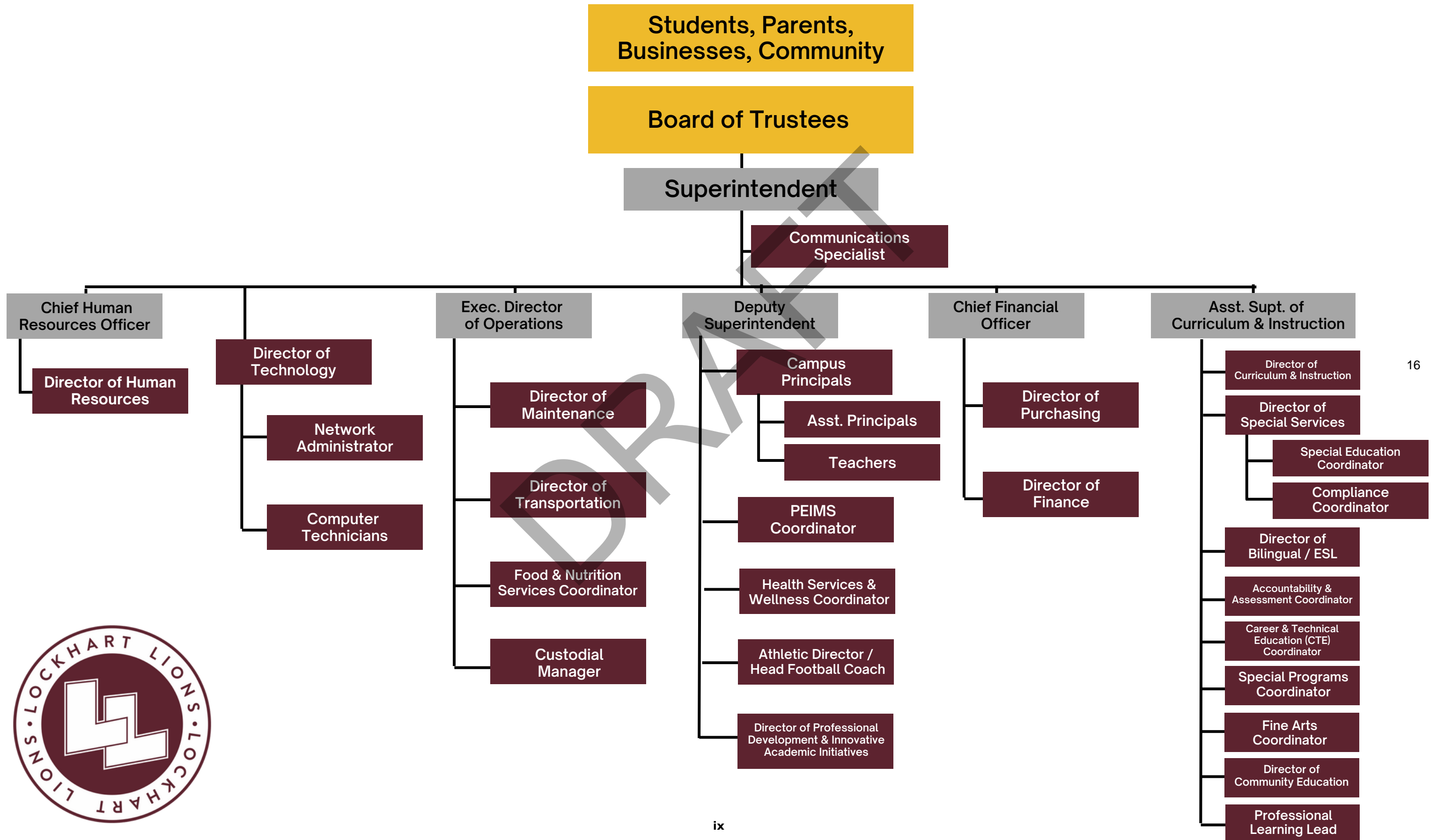
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Organizational Chart | Lockhart ISD (2023)



LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL OFFICIALS

JUNE 30, 2023

Board of Trustees

Michael Wright, President

Warren Burnett, Vice President

Tom Guyton, Secretary

Dr. Barbara Sanchez

Rebecca Pulliam

Sam Lockhart

Rene Rayos

District Leadership

Mark Estrada, Superintendent

Stephaine Camarillo, Deputy Superintendent

Nicole Weiser, Chief Financial Officer

Susan Fambrough, Chief Human Resources Officer

Ty Davidson, Assistant Superintendent, Curriculum & Instruction

James Acuna, Executive Director of Operations

DRAFT

CERTIFICATE OF THE BOARD

Lockhart Independent School District
Name of School District

Caldwell
County

028-902
Co. – Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended June 30, 2023, at a meeting of the board of trustees of such school district on the 20th day of November, 2023.

Signature of Board Secretary

Signature of Board President

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
Lockhart Independent School District
Lockhart, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Lockhart Independent School 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, business-type activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District, as of June 30, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lockhart Independent School 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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information be presented to supplement the basic financial statements. Such information, 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 Lockhart Independent School District's basic financial statements. The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [REDACTED], 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 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.

Waco, Texas
[REDACTED], 2023

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Lockhart Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$6,490,767 (*net position*). Of this amount, (\$9,470,939) (*unrestricted net position - deficit*) may be used to meet the District's ongoing obligations.
- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of \$106,234,991, an increase of \$71,421,603 in comparison with the prior year. \$18,959,806 is available for spending at the District's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$18,959,806, or 31% of total General Fund expenditures.

USING THIS ANNUAL FINANCIAL REPORT

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

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term, as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements, the fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

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

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The combining statements for nonmajor funds are presented immediately following the required supplementary information. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations is shown with the Statement of Net Position and Statement of Activities. Its primary objective is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, liabilities and deferred inflows/outflows of resources while the Statement of Activities includes all the revenue and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the same used by most private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, the District has two kinds of activity:

Governmental Activities – Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition fees, and state and federal grants finance most of these activities.

Business-type Activities – The District's enterprise activities are reported here. These activities are intended to recover all or a significant portion of their costs through user fees and charges.

Reporting the District's Most Significant Funds

Fund Financial Statements

The Fund financial statements provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I from the U. S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District has three types of funds:

Governmental Funds – The District reports most of its basic services in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and they report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the governmental fund financial statements. The District currently reports 35 governmental funds.

Proprietary Funds – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service fund reports activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs. The District, at present, maintains seven proprietary funds.

Fiduciary Funds – The District accounts for resources held for the benefit of individuals and groups outside the District in fiduciary funds. These funds are not included in the government-wide financial statements because the resources reported in these funds are not available to fund the operations of the District. The District maintains two fiduciary funds: the Scholarship Fund, a private-purpose trust fund; and the Student Activity Fund, a custodial fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Net position of the District's governmental activities decreased from \$7,044,395 to \$6,490,767 as shown in Table 1. Unrestricted net position was (\$9,470,939) at June 30, 2023 as shown in Table 1.

Unrestricted net position reflects a deficit primarily as a result of the District's proportionate shares of the TRS pension and OPEB liabilities presented in accordance with GASB 68 and GASB 75, respectively. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

The District's total revenues increased by \$5,986,812 primarily as the result of an increase in property tax revenue spurred on by increased property values.

The cost of all governmental activities this year as shown in the Statement of Activities was \$84,295,148 compared to \$74,259,209 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was \$31,345,766 because some of the costs were paid by other government and organizations that subsidized certain programs with grants and contributions.

**TABLE 1
CONDENSED SCHEDULE OF NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 119,207,211	\$ 45,733,957	\$ 110,932	\$ 72,596	\$ 119,318,143	\$ 45,806,553
Capital assets	<u>67,595,139</u>	<u>72,028,743</u>	-	-	<u>67,595,139</u>	<u>72,028,743</u>
Total assets	<u>186,802,350</u>	<u>117,762,700</u>	<u>110,932</u>	<u>72,596</u>	<u>186,913,282</u>	<u>117,835,296</u>
Deferred Outflows of Resources:						
Deferred charge for refunding	1,527,192	1,596,610	-	-	1,527,192	1,596,610
Teach Retirement System	<u>13,984,089</u>	<u>9,936,844</u>	-	-	<u>13,984,089</u>	<u>9,936,844</u>
Total deferred outflows of resources	<u>15,511,281</u>	<u>11,533,454</u>	-	-	<u>15,511,281</u>	<u>11,533,454</u>
Liabilities:						
Long-term liabilities	166,530,626	92,596,010	-	-	166,530,626	92,596,010
Other liabilities	<u>11,358,176</u>	<u>9,374,704</u>	<u>110,932</u>	<u>72,596</u>	<u>11,469,108</u>	<u>9,447,300</u>
Total liabilities	<u>177,888,802</u>	<u>101,970,714</u>	<u>110,932</u>	<u>72,596</u>	<u>177,999,734</u>	<u>102,043,310</u>
Deferred Inflows of Resources:						
Teacher Retirement System	<u>17,934,062</u>	<u>20,281,045</u>	-	-	<u>17,934,062</u>	<u>20,281,045</u>
Net position:						
Net investment in capital assets	2,252,718	5,274,686	-	-	2,252,718	5,274,686
Restricted	13,708,988	10,894,716	-	-	13,708,988	10,894,716
Unrestricted	<u>(9,470,939)</u>	<u>(9,125,007)</u>	-	-	<u>(9,470,939)</u>	<u>(9,125,007)</u>
Total net position	<u>\$ 6,490,767</u>	<u>\$ 7,044,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,490,767</u>	<u>\$ 7,044,395</u>

TABLE 2
CONDENSED SCHEDULE OF CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 434,365	\$ 399,816	\$ -	\$ -	\$ 434,365	\$ 399,816
Operating grants and contributions	17,455,980	16,648,292	-	-	17,455,980	16,648,292
General revenues:						
Maintenance and operations taxes	24,094,101	20,221,375	-	-	24,094,101	20,221,375
Debt service taxes	7,251,665	5,963,106	-	-	7,251,665	5,963,106
Grants and contributions not restricted	32,484,226	34,705,255	61,605	48,481	32,545,831	34,753,736
Investment earnings	1,652,709	88,006	-	-	1,652,709	88,006
Miscellaneous local & intermediate revenue	1,482,263	842,647	799,268	582,375	2,281,531	1,425,022
Total revenues	<u>84,855,309</u>	<u>78,868,497</u>	<u>860,873</u>	<u>630,856</u>	<u>85,716,182</u>	<u>79,499,353</u>
EXPENSES						
Instruction	45,320,059	41,294,972	-	-	45,320,059	41,294,972
Instructional resources and media services	755,262	676,430	-	-	755,262	676,430
Curriculum and staff development	1,555,573	1,193,850	-	-	1,555,573	1,193,850
Instructional leadership	1,284,333	997,556	-	-	1,284,333	997,556
School leadership	3,691,734	3,360,691	-	-	3,691,734	3,360,691
Guidance, counseling, and evaluation services	2,919,694	2,904,135	-	-	2,919,694	2,904,135
Social work services	410,876	199,259	-	-	410,876	199,259
Health services	654,106	552,864	-	-	654,106	552,864
Student (pupil) transportation	4,030,562	3,490,682	-	-	4,030,562	3,490,682
Food service	5,442,921	3,812,152	-	-	5,442,921	3,812,152
Extracurricular activities	1,972,967	1,734,400	-	-	1,972,967	1,734,400
General administration	2,986,405	2,711,289	-	-	2,986,405	2,711,289
Facilities maintenance and operations	6,382,374	5,876,853	-	-	6,382,374	5,876,853
Security and monitoring services	453,079	413,974	-	-	453,079	413,974
Data processing services	1,274,355	1,232,446	-	-	1,274,355	1,232,446
Community services	563,708	120,933	-	-	563,708	120,933
Debt service - interest on long-term debt	2,268,741	1,606,998	-	-	2,268,741	1,606,998
Debt service - bond issuance cost and fees	-	-	-	-	-	-
Payments related to SSA	1,731,498	1,600,422	-	-	1,731,498	1,600,422
Other intergovernmental charges	596,901	479,303	-	-	596,901	479,303
Business-type activities	-	-	1,092,162	765,407	1,092,162	765,407
Total expenses	<u>84,295,148</u>	<u>74,259,209</u>	<u>1,092,162</u>	<u>765,407</u>	<u>85,387,310</u>	<u>75,024,616</u>
Increase/(Decrease) in net position before inflows/outflows and special items	560,161	4,609,288	(231,289)	(134,551)	328,872	4,474,737
TRANSFERS	(231,289)	(134,551)	231,289	134,551	-	-
SPECIAL ITEM	(882,500)	-	-	-	(882,500)	-
NET POSITION, BEGINNING	<u>7,044,395</u>	<u>2,569,658</u>	<u>-</u>	<u>-</u>	<u>7,044,395</u>	<u>2,569,658</u>
NET POSITION, ENDING	<u>\$ 6,490,767</u>	<u>\$ 7,044,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,490,767</u>	<u>\$ 7,044,395</u>

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented on the governmental fund balance sheet) reported a combined fund balance of \$106,234,991, which is greater than last year's total of \$34,813,388. This increase in fund balance is mainly attributable to the issuance of the District's Series 2023 Unlimited Tax School Construction Bonds.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts estimated in June 2022). The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The General Fund balance of \$23,953,526 reported in the financials differs from the General Fund's budgetary fund balance of \$20,304,922 reported in the budgetary comparison schedule, largely as a result of faster than expected growth in state foundation revenue. This accompanied an overall decrease in fund balance of \$853,183 in the General Fund. This decrease was less than the prior year increase of \$310,501, primarily due to increased costs related to growing attendance figures throughout the District.

The Debt Service Fund reported an increase in fund balance of \$3,158,914 in the current year. This was the result of revenue from property taxes and state entitlement programs continuing to exceed principal and interest payments on long-term debt during the current year.

The ESSER II and ESSER III Funds account for proceeds and disbursements related to the Elementary and Secondary School Emergency Relief Fund of the CRRSA and ARP Acts, which were awarded to the District to aid with costs incurred during the COVID-19 pandemic. The funds reported zero fund balance at year end, as revenues equaled expenditures in the funds.

The Capital Projects Fund was created during the current year to account for the proceeds from the District's Series 2023 Unlimited Tax School Construction Bonds, which will be used for a variety of construction and renovation projects throughout the District. The fund reported ending fund balance of \$69,457,877, all of which is restricted for capital acquisitions.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

As of June 30, 2023, the District had \$67,595,139 (net of depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Significant capital additions during the year included \$342,961 of portable buildings and various construction projects totaling \$705,795.

Additional information about the District's capital assets is presented on page 33 in the notes to the financial statements.

Long-Term Liabilities

As of June 30, 2023, the District had total long-term debt outstanding which totaled \$136,466,901. This is an increase of \$73,934,616 from June 30, 2022. The main reason for the increase was the issuance of the District's Series 2023 Unlimited Tax School Construction Bonds during the year for \$69,805,000.

The District also reported a net pension liability of \$19,457,259 and a net OPEB liability of \$10,606,466 as presented in accordance with GASB 68 and GASB 75, respectively.

Additional information about the District's long-term debt is presented beginning on page 34 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2023-2024 budget and tax rates. Those factors include property values, increases in enrollment, the economy, projections of future budget years, and legislative mandates.

A steadily increasing enrollment population, coupled with a moderate increase in property values, has led to a General Fund budget of \$62.3 million for the 2023-2024 fiscal year. The budget increased from 2022-2023 to 2023-2024 by \$2.1 million, a result of 3% enrollment growth expected from demographer. Since the 2023-2024 school year began, the District has been experiencing the projected 3% enrollment growth.

Future enrollments are forecasted to have moderate enrollment growth and property values are forecasted to gradually increase, which will continue to produce revenues that will support projected expenditures in the near future. For the 2023-2024 budget year, the District has lowered total property tax rate to \$0.9569 per \$100 of taxable value, down from \$1.1223 in 2022-2023. Due to State Property Value Assignment, the District has experienced a decline in state revenues causing the need of a Voter Approval Tax Ratification Election in November of 2023. The passage of this election has allowed the District 3 additional golden pennies to aide in the loss of state funding.

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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Lockhart Independent School District, P.O. Box 120, Lockhart, TX 78644, or by calling 512-398-0000.

DRAFT

BASIC FINANCIAL STATEMENTS

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

JUNE 30, 2023

Control Codes		Governmental Activities	Business-type Activities	Total
ASSETS				
1110	Cash and cash equivalents	\$ 4,388,072	\$ 90,180	\$ 4,478,252
1120	Current investments	99,249,482	-	99,249,482
1220	Property taxes receivable (delinquent)	3,235,280	-	3,235,280
1230	Allowance for uncollectible taxes	(161,764)	-	(161,764)
1240	Due from other governments	11,926,393	-	11,926,393
1250	Accrued interest	1,547	-	1,547
1260	Internal balances	20,926	(20,926)	-
1290	Other receivables	284,242	41,678	325,920
1410	Prepaid items	263,033	-	263,033
	Capital assets:			
1510	Land	700,990	-	700,990
1520	Buildings and improvements, net	64,495,786	-	64,495,786
1530	Furniture and equipment, net	1,692,568	-	1,692,568
1580	Construction in progress	705,795	-	705,795
1000	Total assets	<u>186,802,350</u>	<u>110,932</u>	<u>186,913,282</u>
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred charge for refunding	1,527,192	-	1,527,192
1705	Deferred outflows related to NPL	8,202,773	-	8,202,773
1706	Deferred outflows related to OPEB	5,781,316	-	5,781,316
1700	Total deferred outflows of resources	<u>15,511,281</u>	<u>-</u>	<u>15,511,281</u>
LIABILITIES				
2110	Accounts payable	2,420,404	7,245	2,427,649
2140	Interest payable	1,459,472	-	1,459,472
2150	Payroll deductions & withholding	1,090,114	10,660	1,100,774
2160	Accrued wages payable	5,957,036	77,039	6,034,075
2180	Due to other governments	210,933	-	210,933
2300	Unearned revenue	220,217	15,988	236,205
	Noncurrent liabilities:			
	Due within one year:			
2501	Long-term debt	5,110,392	-	5,110,392
	Due in more than one year:			
2502	Long-term debt	131,356,509	-	131,356,509
2540	Net pension liability	19,457,259	-	19,457,259
2545	Net OPEB liability	10,606,466	-	10,606,466
2000	Total liabilities	<u>177,888,802</u>	<u>110,932</u>	<u>177,999,734</u>
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred inflows related to NPL	1,524,097	-	1,524,097
2606	Deferred inflows related to OPEB	16,409,965	-	16,409,965
2600	Total deferred inflows of resources	<u>17,934,062</u>	<u>-</u>	<u>17,934,062</u>
NET POSITION				
3200	Net investment in capital assets	2,252,718	-	2,252,718
	Restricted:			
3820	Restricted for federal and state programs	3,052,271	-	3,052,271
3850	Restricted for debt service	10,656,717	-	10,656,717
3900	Unrestricted	(9,470,939)	-	(9,470,939)
3000	Total net position	<u>\$ 6,490,767</u>	<u>\$ -</u>	<u>\$ 6,490,767</u>

The accompanying notes are an integral part of this financial statement.

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues	
			3 Charges for Services	4 Operating Grants and Contributions
Primary government:				
Governmental activities:				
11	Instruction	\$ 45,320,059	\$ -	\$ 8,825,945
12	Instructional resources and media services	755,262	-	11,740
13	Curriculum and staff development	1,555,573	-	527,119
21	Instructional leadership	1,284,333	-	479,975
23	School leadership	3,691,734	-	84,987
31	Guidance, counseling, and evaluation services	2,919,694	-	1,468,826
32	Social work services	410,876	-	220,272
33	Health services	654,106	-	30,838
34	Student (pupil) transportation	4,030,562	-	79,727
35	Food service	5,442,921	255,019	4,917,221
36	Extracurricular activities	1,972,967	120,264	18,672
41	General administration	2,986,405	-	45,895
51	Facilities maintenance and operations	6,382,374	59,082	29,537
52	Security and monitoring services	453,079	-	147,586
53	Data processing services	1,274,355	-	15,057
61	Community services	563,708	-	462,854
72	Debt Service - interest on long-term debt	2,268,741	-	-
93	Payments related to SSA	1,731,498	-	89,729
99	Other intergovernmental charges	596,901	-	-
TG	Total governmental activities	<u>84,295,148</u>	<u>434,365</u>	<u>17,455,980</u>
Business-type activities:				
01	Summer recreation	84,437	-	-
02	After school program	230,486	-	-
03	Cubhouse students	265,929	-	-
04	GED Adult Education	72,586	-	-
06	Cubhouse employees	245,411	-	-
07	Community Ed Adm	193,313	-	-
TB	Total business-type activities	<u>1,092,162</u>	<u>-</u>	<u>-</u>
TP	Total primary government	<u>85,387,310</u>	<u>434,365</u>	<u>17,455,980</u>
General revenues:				
Taxes:				
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
IE	Investment earnings			
GC	Grants and contributions not restricted to specific programs			
MI	Miscellaneous local and intermediate revenue			
FR	Transfers			
TR	Total general revenues and transfers			
SP	Special item			
CN	Change in net position			
NB	Net position, beginning			
NE	Net position, ending			

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Governmental Activities	Business-type Activities	Total
\$ (36,494,114)	\$ -	\$ (36,494,114)
(743,522)	-	(743,522)
(1,028,454)	-	(1,028,454)
(804,358)	-	(804,358)
(3,606,747)	-	(3,606,747)
(1,450,868)	-	(1,450,868)
(190,604)	-	(190,604)
(623,268)	-	(623,268)
(3,950,835)	-	(3,950,835)
(270,681)	-	(270,681)
(1,834,031)	-	(1,834,031)
(2,940,510)	-	(2,940,510)
(6,293,755)	-	(6,293,755)
(305,493)	-	(305,493)
(1,259,298)	-	(1,259,298)
(100,854)	-	(100,854)
(2,268,741)	-	(2,268,741)
(1,641,769)	-	(1,641,769)
(596,901)	-	(596,901)
<u>(66,404,803)</u>	<u>-</u>	<u>(66,404,803)</u>
-	(84,437)	(84,437)
-	(230,486)	(230,486)
-	(265,929)	(265,929)
-	(72,586)	(72,586)
-	(245,411)	(245,411)
-	(193,313)	(193,313)
<u>-</u>	<u>(1,092,162)</u>	<u>(1,092,162)</u>
<u>(66,404,803)</u>	<u>(1,092,162)</u>	<u>(67,496,965)</u>
24,094,101	-	24,094,101
7,251,665	-	7,251,665
1,652,709	-	1,652,709
32,484,226	61,605	32,545,831
1,482,263	799,268	2,281,531
(231,289)	231,289	-
<u>66,733,675</u>	<u>1,092,162</u>	<u>67,825,837</u>
<u>(882,500)</u>	<u>-</u>	<u>(882,500)</u>
<u>(553,628)</u>	<u>-</u>	<u>(553,628)</u>
<u>7,044,395</u>	<u>-</u>	<u>7,044,395</u>
<u>\$ 6,490,767</u>	<u>\$ -</u>	<u>\$ 6,490,767</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes		10	50	281
		General	Debt Service	ESSER II
ASSETS				
1110	Cash and cash equivalents	\$ 2,428,319	\$ 496,929	\$ -
1120	Investments - current	16,280,339	9,386,580	-
1220	Property taxes - delinquent	2,547,735	687,545	-
1230	Allowance for uncollectible taxes	(127,387)	(34,377)	-
1240	Due from other governments	6,631,777	-	752,174
1250	Accrued interest	1,547	-	-
1260	Due from other funds	5,148,469	-	-
1290	Other receivables	261,625	22,617	-
1410	Prepaid items	259,448	-	-
1000	Total assets	<u>33,431,872</u>	<u>10,559,294</u>	<u>752,174</u>
LIABILITIES				
2110	Accounts payable	837,227	-	-
2150	Payroll deductions and withholdings	938,358	-	-
2160	Accrued wages payable	5,142,571	-	-
2170	Due to other funds	137,110	-	752,174
2180	Due to other governments	32	210,285	-
2300	Unearned revenue	2,700	-	-
2000	Total liabilities	<u>7,057,998</u>	<u>210,285</u>	<u>752,174</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable revenue - property taxes	2,420,348	653,168	-
2600	Total deferred inflows of resources	<u>2,420,348</u>	<u>653,168</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3430	Prepaid items	259,448	-	-
Restricted Fund Balance:				
3450	Federal or state funds grant restriction	-	-	-
3470	Capital acquisitions	-	-	-
3480	Retirement of long-term debt	-	9,695,841	-
Committed Fund Balance:				
3510	Construction	4,012,381	-	-
3545	Other committed fund balance	11,542	-	-
3545	Campus activity	-	-	-
Assigned Fund Balance:				
3490	Subsequent year's budget	710,349	-	-
3600	Unassigned fund balance	18,959,806	-	-
3000	Total fund balances	<u>23,953,526</u>	<u>9,695,841</u>	<u>-</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,431,872</u>	<u>\$ 10,559,294</u>	<u>\$ 752,174</u>

282 ESSER III	60 Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 962,824	\$ 3,888,072
-	70,622,970	2,959,593	99,249,482
-	-	-	3,235,280
-	-	-	(161,764)
840,323	-	3,702,119	11,926,393
-	-	-	1,547
-	11,511	131,819	5,291,799
-	-	-	284,242
-	-	3,585	263,033
<u>840,323</u>	<u>70,634,481</u>	<u>7,759,940</u>	<u>123,978,084</u>
-	1,176,604	406,573	2,420,404
30,800	-	120,956	1,090,114
165,918	-	648,547	5,957,036
643,605	-	3,237,984	4,770,873
-	-	616	210,933
-	-	217,517	220,217
<u>840,323</u>	<u>1,176,604</u>	<u>4,632,193</u>	<u>14,669,577</u>
-	-	-	3,073,516
-	-	-	3,073,516
-	-	-	259,448
-	-	3,052,271	3,052,271
-	69,457,877	-	69,457,877
-	-	-	9,695,841
-	-	-	4,012,381
-	-	-	11,542
-	-	75,476	75,476
-	-	-	710,349
-	-	-	18,959,806
-	<u>69,457,877</u>	<u>3,127,747</u>	<u>106,234,991</u>
<u>\$ 840,323</u>	<u>\$ 70,634,481</u>	<u>\$ 7,759,940</u>	<u>\$ 123,978,084</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total fund balances - governmental funds	\$ 106,234,991
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	67,595,139
2 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Losses on refunding of bonds and the premium on issuance of bonds payable are netted against the long-term liabilities in the statement of net position.	(136,399,181)
3 Included in the items related to debt is the recognition of the District's proportion 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 \$8,202,773, a deferred resource inflow in the amount of \$1,524,097, and a net pension liability in the amount of \$19,457,259. This resulted in a decrease in net position.	(12,778,583)
4 Included in the items related to debt is the recognition of the District's proportion share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$5,781,316, a deferred resource inflow in the amount of \$16,409,965, and a net OPEB liability in the amount of \$10,606,466. This resulted in a decrease in net position.	(21,235,115)
5 Uncollected property taxes and penalties and interest are reported as deferred inflows in the governmental funds balance sheet, but are recognized as revenue in the statement of activities.	<u>3,073,516</u>
19 Net position of governmental activities	<u>\$ 6,490,767</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		10 <u>General</u>	50 Debt Service	281 <u>ESSER II</u>
REVENUES				
5700	Local and intermediate sources	\$ 25,864,700	\$ 7,441,213	\$ -
5800	State program revenues	35,063,611	156,219	-
5900	Federal program revenues	<u>1,126,682</u>	<u>-</u>	<u>752,174</u>
5020	Total revenues	<u>62,054,993</u>	<u>7,597,432</u>	<u>752,174</u>
EXPENDITURES				
Current:				
0011	Instruction	35,119,261	-	752,174
0012	Instructional resources and media services	640,947	-	-
0013	Curriculum and instructional staff development	1,019,674	-	-
0021	Instructional leadership	576,092	-	-
0023	School leadership	3,458,635	-	-
0031	Guidance, counseling, and evaluation services	1,349,167	-	-
0032	Social work services	174,436	-	-
0033	Health services	620,428	-	-
0034	Student (pupil) transportation	3,507,131	-	-
0035	Food service	-	-	-
0036	Extracurricular activities	1,737,490	-	-
0041	General administration	2,816,354	-	-
0051	Facilities maintenance and operations	5,619,480	-	-
0052	Security and monitoring services	280,359	-	-
0053	Data processing services	1,211,264	-	-
0061	Community services	18,992	-	-
Debt Service:				
0071	Principal on long-term debt	367,903	2,970,000	-
0072	Interest on long-term debt	46,332	1,460,908	-
0073	Bond issuance costs and fees	-	7,610	-
Capital Outlay:				
0081	Facilities acquisition and construction	626,728	-	-
Intergovernmental:				
0093	Payments to shared service arrangements	1,731,498	-	-
0099	Other intergovernmental	<u>596,901</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>61,519,072</u>	<u>4,438,518</u>	<u>752,174</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	535,921	3,158,914	-
OTHER FINANCING SOURCES (USES)				
7911	Issuance of bonds	-	-	-
7913	Issuance of financing arrangements	59,022	-	-
7916	Premium on issuance of bonds	-	-	-
8911	Transfers out	<u>(565,626)</u>	<u>-</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>(506,604)</u>	<u>-</u>	<u>-</u>
8912	SPECIAL ITEM	<u>(882,500)</u>	<u>-</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	<u>(853,183)</u>	<u>3,158,914</u>	<u>-</u>
0100	FUND BALANCES, BEGINNING	<u>24,806,709</u>	<u>6,536,927</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 23,953,526</u>	<u>\$ 9,695,841</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

282 ESSER III	60 Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ 385,272	\$ 3,099,575	\$ 36,790,760
-	1,278	621,544	35,842,652
<u>840,323</u>	<u>-</u>	<u>11,151,625</u>	<u>13,870,804</u>
<u>840,323</u>	<u>386,550</u>	<u>14,872,744</u>	<u>86,504,216</u>
242,810	-	6,201,099	42,315,344
-	-	70,516	711,463
136,694	-	368,005	1,524,373
108,782	-	575,755	1,260,629
-	-	22,069	3,480,704
102,531	-	1,442,932	2,894,630
213,540	-	5,928	393,904
-	-	2,800	623,228
-	-	220,201	3,727,332
-	-	5,283,454	5,283,454
-	-	80,285	1,817,775
-	-	998	2,817,352
-	-	228,631	5,848,111
-	-	146,431	426,790
-	-	-	1,211,264
35,966	-	565,645	620,603
-	-	-	3,337,903
-	-	-	1,507,240
-	675,111	-	682,721
-	1,931,548	-	2,558,276
-	-	-	1,731,498
-	-	-	596,901
<u>840,323</u>	<u>2,606,659</u>	<u>15,214,749</u>	<u>85,371,495</u>
-	(2,220,109)	(342,005)	1,132,721
-	69,805,000	-	69,805,000
-	-	-	59,022
-	1,872,986	-	1,872,986
-	-	-	(565,626)
<u>-</u>	<u>71,677,986</u>	<u>-</u>	<u>71,171,382</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(882,500)</u>
<u>-</u>	<u>69,457,877</u>	<u>(342,005)</u>	<u>71,421,603</u>
<u>-</u>	<u>-</u>	<u>3,469,752</u>	<u>34,813,388</u>
<u>\$ -</u>	<u>\$ 69,457,877</u>	<u>\$ 3,127,747</u>	<u>\$ 106,234,991</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$ 71,421,603
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	
Additions to capital assets	1,443,937
Depreciation on capital assets	(5,877,541)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
	360,412
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term debt and related items.</p>	
Principal payments on long-term debt	(68,400,790)
Amortization of bond premiums	345,685
Amortization of deferred loss on bond refunding	(69,418)
Accrued interest payable	(292,233)
Accreted interest on capital appreciation bonds	(61,129)
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,524,000. 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 net position totaling \$1,267,880. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$953,909. The net result is a decrease in the change in net position.</p>	
	(697,789)
<p>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 \$343,918. 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 net position totaling \$301,418. 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 \$1,231,135. The net result is an increase in the change in net position.</p>	
	<u>1,273,635</u>
Change in net position of governmental activities	<u>\$ (553,628)</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-1

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

JUNE 30, 2023

	Business-type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 90,180	\$ 500,000
Due from other funds	1,569	-
Other receivables	<u>41,678</u>	<u>-</u>
Total assets	<u>133,427</u>	<u>500,000</u>
LIABILITIES		
Current liabilities:		
Accounts payable	7,245	-
Payroll deduction and withholdings	10,660	-
Accrued wages payable	77,039	-
Due to other funds	22,495	500,000
Unearned revenues	<u>15,988</u>	<u>-</u>
Total liabilities	<u>133,427</u>	<u>500,000</u>
NET POSITION		
Total net position	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Business-type Activities Nonmajor Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
OPERATING REVENUES:		
Local and intermediate sources	\$ 799,268	\$ 3,439,271
State program revenues	<u>61,605</u>	<u>-</u>
Total operating revenues	<u>860,873</u>	<u>3,439,271</u>
OPERATING EXPENSES:		
Payroll costs	1,017,386	-
Professional and contracted services	25,950	-
Supplies and materials	33,633	-
Other operating costs	<u>15,193</u>	<u>3,773,608</u>
Total operating expenses	<u>1,092,162</u>	<u>3,773,608</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(231,289)</u>	<u>(334,337)</u>
TRANSFERS IN(OUT)		
Transfers in	378,358	334,337
Transfers out	<u>(147,069)</u>	<u>-</u>
Total transfers in (out)	<u>231,289</u>	<u>334,337</u>
CHANGE IN NET POSITION	-	-
NET POSITION, BEGINNING	<u>-</u>	<u>-</u>
NET POSITION, ENDING	<u>\$ -</u>	<u>\$ -</u>

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities <u>Nonmajor Enterprise Funds</u>	Governmental Activities <u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 776,840	\$ 3,439,271
Cash receipts from grants	61,605	-
Cash payments to employees	(987,118)	-
Cash payments to suppliers for goods and services	<u>(76,783)</u>	<u>(3,273,608)</u>
Net cash provided by operating activities	<u>(225,456)</u>	<u>165,663</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers from other funds	378,358	334,337
Transfers to other funds	<u>(147,069)</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>231,289</u>	<u>334,337</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,833	500,000
CASH AND CASH EQUIVALENTS, BEGINNING	<u>84,347</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>90,180</u>	<u>500,000</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	<u>(231,289)</u>	<u>(334,337)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease (increase) in customer receivable	(28,036)	-
Decrease (increase) in due from other funds	236	-
Increase (decrease) in accounts payable	1,939	-
Increase (decrease) in payroll deductions	4,323	-
Increase (decrease) in wages payable	25,945	-
Increase (decrease) in due to other funds	5,244	500,000
Increase (decrease) in unearned revenue	<u>(3,818)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ (225,456)</u>	<u>\$ 165,663</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2023

	Private-Purpose Trust Fund	Custodial Fund
	Scholarship Fund	Student Activity Fund
ASSETS		
Cash and cash equivalents	\$ 202,069	\$ 120,737
Accrued interest	1,081	-
Restricted assets	94,364	-
Total assets	297,514	120,737
LIABILITIES		
Accounts payable	147	15,017
Unearned revenue	10	-
Total liabilities	157	15,017
NET POSITION		
Held in trust	297,357	-
Restricted for other purposes	-	105,720
Total net position	\$ 297,357	\$ 105,720

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LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Private-Purpose Trust Fund</u>	<u>Custodial Fund</u>
	<u>Scholarship Fund</u>	<u>Student Activity Fund</u>
ADDITIONS		
Gifts and bequests	\$ 26,000	\$ -
Student fundraising activities	-	627,712
Investment income	<u>5,907</u>	<u>-</u>
Total additions	<u>31,907</u>	<u>627,712</u>
DEDUCTIONS		
Scholarships and awards	59,815	-
Cocurricular/extracurricular activities	<u>-</u>	<u>664,556</u>
Total deductions	<u>59,815</u>	<u>664,556</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(27,908)	(36,844)
NET POSITION, BEGINNING	<u>325,265</u>	<u>142,564</u>
NET POSITION, ENDING	<u>\$ 297,357</u>	<u>\$ 105,720</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Lockhart Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide").

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB").

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* include programs supported by taxes, state foundation and intergovernmental revenue. The fund equity is segregated into the following categories invested in capital assets net of related debt, restricted net position, and unrestricted net position. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from /to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, business-type 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 nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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 are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Property taxes, state foundation funds and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements, and the amount received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The proprietary fund financial statements are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. This basis of accounting recognizes revenues in the accounting period in which they are earned and expenses in the accounting period in which they are incurred. Under this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

The fiduciary funds use the *economic resources measurement focus* and utilize the accrual basis of accounting for reporting assets, liabilities, additions and deductions.

The District reports the following major governmental funds:

The General Fund – The General Fund is the District's primary operating fund and is always reported as a major fund. It accounts for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

The Capital Projects Fund – This fund accounts for construction expenditures made from the proceeds of the District's Series 2023 Unlimited Tax School Construction Bond.

The ESSER II & III Grant Funds – These funds account for the District's expenditures related to the Elementary and Secondary School Emergency Relief grant of the CRRSA and ARP acts. The District received this grant to assist with costs incurred during the COVID-19 pandemic.

Additionally, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

Enterprise Funds – Revenues and expenses related to services provided to organizations outside the District on a cost reimbursement basis are accounted for in enterprise funds.

Internal Service Fund – Revenues and expenses related to services provided to individuals and departments within the District on a cost reimbursement basis are accounted for in an internal service fund.

Fiduciary Funds:

Private Purpose Trust Fund – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the Lockhart Education Foundation Fund.

Custodial Fund – The District accounts for resources held for others in a custodial capacity in Custodial Funds. The District's Custodial Fund is the Student Activities Fund.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments such as certificates of deposits, money market funds, local government investment pools, Treasury bills, and commercial paper that have a maturity from time of purchase of three months or less.

2. Inventories

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The District recognizes prepaid items as expenditures when consumed (consumption method) rather than when purchased (purchases method).

4. Capital Assets

Capital assets, which include land, building, furniture and equipment are reported in the governmental activities column in the financial statements. Capital assets are defined by the government 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 cost, which is the price that would be paid to acquire the 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 are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	30
Buildings	50
Building improvements	20
Vehicles	2-15
Office equipment	3-15
Computer equipment	3-15

Land and construction in progress are not depreciated.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as current year debt service expenditures.

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.

6. 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.

7. 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.

8. Deferred outflows/inflows of resources

Deferred outflows and inflows of resources are reported in the financial statements as described below:

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

- Deferred outflows of resources for refunding - 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.
- Deferred outflows of resources for pensions – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, and changes in actuarial assumptions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.
- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net pension liability, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District had three items that qualify for reporting in this category:

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.
- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer's contributions and the proportionate share of contributions.
- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience and changes in actuarial assumptions.

9. Interfund activity

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

10. Fund Balance Classification

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. It also includes the long-term amount of loans and notes receivable.
- **Restricted:** This classification includes amounts that are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation.
- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the District's Board of Trustees. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specified use of the amounts by adopting a new resolution.
- **Assigned:** This classification includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the Board or by other officials to which the Board has delegated the authority to assign amounts to be used for specific purposes. When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent or his/her designee.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

11. Fund Balance Flow Assumption

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, as signed, 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.

12. Net Position

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 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.

13. Net Position Flow Assumption

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

14. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid by February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Delinquent taxes not paid by June 30 are subject to penalty and interest charges plus delinquent collection fees for attorney costs. 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.

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 taxes are periodically reviewed and written off by the District as provided by specific statutory authority from the Texas Legislature.

15. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (“TEA”) in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide data base policy development and funding plans.

16. Estimates

The presentation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

State statutes and Board policy authorize the District to invest in 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.; 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010.; 3) Fully collateralized repurchase agreements permitted by Government Code 2256.011.; 4) A securities lending program as permitted by Government Code 2256.0115.; 5) Banker's acceptances as permitted by Government Code 2256.012.; 6) Commercial paper as permitted by Government Code 2256.013.; 7) No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014; 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.; and 9) Public funds investment pools as permitted by Government Code 2256.016.

In compliance with the Public Funds Investment Act, the District has adopted an investment policy. The District is in substantial compliance with the requirements of the Act and with local policies.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits, including checking, money market accounts and certificates of deposit, may not be returned to it.

The funds of the District must be deposited and invested under the terms of a contract, the contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. During 2023 the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

Cash and deposits of the District include all amounts deposited at the District's depository bank, including demand deposits and certificates of deposit. At June 30, 2023, the carrying amount of the District's deposits were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Custodial Credit Risk - Investments

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. Any investment that is both uninsured and unregistered is exposed to custodial credit risk if the investment is held by the counterparty, or if the investment is held by the counterparty's trust department or agent, but not in the name of the investor government. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Positions in external investment pools are not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

Concentration of Credit Risk

Concentration risk is defined as positions of five percent or more in the securities of a single issuer. This is the issuer of the underlying investment, and not a pool. This does not apply to U.S. Government securities.

Investment Pools

The District's investment pools at June 30, 2023, are shown below:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Weighted Average Maturity (Days)</u>	<u>Rating</u>
TexPool Prime	\$ 26,972,496	25	AAAm
Texas TERM DAILY	<u>72,371,350</u>	21	AAAmmf
Total	<u>\$ 99,343,846</u>		

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

The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are Public Funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments.

The District's investment in investment pools, which are exempt from regulation by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00. The book value of the position in the pools is the same as the number of the shares in each pool; the fair value of a share should approximately equal the book value of a share.

In accordance with state law and the District's investment policy, investments in investment pools must be rated at least AAA or have an equivalent rating, and obligations of states, agencies, counties and cities must be rated at least A or its equivalent. As of June 30, 2022, the District's investments in investment pools met or exceeded the ratings criteria.

Texas Term, Texas Class, TexPool and Logic each have a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

B. Due from Other Governments

The District participates in variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2023 are reported on the combined financial statements as due from other governments.

C. Interfund Balances and Transfers

Interfund balances at June 30, 2023 consisted of the following individual fund receivables and payables:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 124,030
General	Nonmajor proprietary	1,569
General	Capital projects	11,511
Internal service	Nonmajor governmental	7,789
Internal service	General	492,211
ESSER II grant	General	1,352,154
ESSER III grant	General	643,605
Nonmajor proprietary	General	22,495
Nonmajor governmental	General	<u>2,638,004</u>
		<u>\$ 5,293,368</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts due are scheduled to be repaid within one year.

Interfund transfers for the year ended June 30, 2023 consisted of the following individual fund amounts:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor proprietary	General	\$ 231,289
Internal service	General	334,337
Nonmajor proprietary	Nonmajor proprietary	<u>147,069</u>
		<u>\$ 712,695</u>

The transfers were made during the current year to fund overages of expenditures over revenues in other funds.

D. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance 07/01/22	Increases	Decreases	Ending Balance 06/30/23
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 700,990	\$ -	\$ -	\$ 700,990
Construction in progress	<u>136,935</u>	<u>705,795</u>	<u>(136,935)</u>	<u>705,795</u>
Total capital assets, not being depreciated	<u>837,925</u>	<u>705,795</u>	<u>(136,935)</u>	<u>1,406,785</u>
Capital assets, being depreciated:				
Buildings and improvements	131,145,867	556,127	-	131,701,994
Furniture and equipment	<u>8,050,242</u>	<u>318,950</u>	<u>-</u>	<u>8,369,192</u>
Total capital assets, being depreciated	<u>139,196,109</u>	<u>875,077</u>	<u>-</u>	<u>140,071,186</u>
Less accumulated depreciation for:				
Buildings and improvements	(61,858,347)	(5,347,861)	-	(67,206,208)
Furniture and equipment	<u>(6,146,944)</u>	<u>(529,680)</u>	<u>-</u>	<u>(6,676,624)</u>
Total accumulated depreciation	<u>(68,005,291)</u>	<u>(5,877,541)</u>	<u>-</u>	<u>(73,882,832)</u>
Total capital assets, being depreciated, net	<u>71,190,818</u>	<u>(5,002,464)</u>	<u>-</u>	<u>66,188,354</u>
Governmental activities capital assets, net	<u>\$ 72,028,743</u>	<u>\$ (4,296,669)</u>	<u>\$ (136,935)</u>	<u>\$ 67,595,139</u>

Depreciation expense was charged to functions of the government as follows:

Governmental activities:	
Instruction	\$ 3,638,656
Instructional Resources and Media Services	70,803
Curriculum and Staff Development	81,865
Instructional Leadership	62,613
School Leadership	374,382
Guidance, Counseling, & Evaluation Services	120,599
Social Work Services	21,413
Health Services	57,943
Student Transportation	305,019
Extracurricular Activities	170,592
General Administration	278,576
Plant Maintenance and Operations	572,706
Security and Monitoring Services	22,975
Data Processing Services	97,741
Community Services	<u>1,658</u>
Total depreciation expense - governmental activities	<u>\$ 5,877,541</u>

E. Long-term Liabilities

The following is a summary of changes in long-term liabilities:

	Balance 07/01/22	Additions	Retirements/ Adjustments	Balance 6/30/2023	Amounts Due in One Year
Bonds payable	\$ 53,969,922	\$ 69,805,000	\$ 2,970,000	\$ 120,804,922	\$ 4,745,000
Maintenance tax notes	2,110,000	-	335,000	1,775,000	335,000
Premium on CABs	5,557,642	-	-	5,557,642	-
Accreted interest on CABs	78,282	61,129	-	139,411	-
Financing arrangements	23,202	59,022	31,218	51,006	30,392
Bond premium	<u>6,611,619</u>	<u>1,872,986</u>	<u>345,685</u>	<u>8,138,920</u>	<u>-</u>
Total long-term debt	<u>68,350,667</u>	<u>71,798,137</u>	<u>3,681,903</u>	<u>136,466,901</u>	<u>5,110,392</u>
Net pension liability	7,934,963	13,051,642	1,529,346	19,457,259	-
Net OPEB liability	<u>16,310,380</u>	<u>(5,340,085)</u>	<u>363,829</u>	<u>10,606,466</u>	<u>-</u>
Total long-term liabilities	<u>\$ 92,596,010</u>	<u>\$ 79,509,694</u>	<u>\$ 5,575,078</u>	<u>\$ 166,530,626</u>	<u>\$ 5,110,392</u>

The District's net pension and OPEB liabilities are typically liquidated by the general fund.

Bonds Payable

A summary of general obligation bonds payable for the year ended June 30, 2023 is as follows:

Description	Interest Rate Payable (%)	Amounts Original Issue	Balance 07/01/22	Additions	Retirements/ Adjustments	Balance 06/30/23	Amount Due in One Year
Refunding Building Bonds, Series 2006	3.66	\$ 9,524,997	\$ 955,000	\$ -	\$ 955,000	\$ -	\$ -
Refunding Building Bonds, Series 2007	3.92	8,834,988	5,175,000	-	770,000	4,405,000	815,000
Refunding Building Bonds, Series 2008	3.75	2,345,000	185,000	-	185,000	-	-
Building Bonds, Series 2014	3.00	58,500,000	1,955,000	-	430,000	1,525,000	1,525,000
Refunding Building Bonds, Series 2020	3.5-5.0	52,999,961	45,699,922	-	630,000	45,069,922	655,000
Unlimited Tax School Building Bonds, Series 2023	4-5.0	69,805,000	-	69,805,000	-	69,805,000	1,750,000
			<u>\$ 53,969,922</u>	<u>\$ 69,805,000</u>	<u>\$ 2,970,000</u>	<u>\$ 120,804,922</u>	<u>\$ 4,745,000</u>

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 4,745,000	\$ 3,888,710	\$ 8,633,710
2025	2,738,816	6,036,015	8,774,831
2026	4,366,290	6,045,134	10,411,424
2027	2,264,855	6,013,636	8,278,491
2028	4,435,000	3,792,735	8,227,735
2029-2033	19,635,000	16,708,144	36,343,144
2034-2038	22,820,000	13,496,067	36,316,067
2039-2042	20,975,000	8,043,064	29,018,064
2043-2047	21,255,000	6,467,892	27,722,892
2048-2051	12,570,000	3,506,766	16,076,766
2052-2054	<u>10,860,000</u>	<u>683,925</u>	<u>11,543,925</u>
Total	<u>\$ 126,664,961</u>	<u>\$ 74,682,088</u>	<u>\$ 201,347,049</u>
Less:			
Premium on CABs	(5,557,642)		
Current accreted interest on CABs	(139,411)		
Future accreted interest on CABs	<u>(162,986)</u>		
Total bonds payable	<u>\$ 120,804,922</u>		

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2023.

Maintenance Tax Notes

In December 2017, the District issued Maintenance Tax Notes, Series 2017 in the amount of \$3,670,000. The notes have an interest rate of 2.14% annually and mature in August 2027.

Annual debt service requirements to maturity for the tax notes are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 335,000	\$ 34,401	\$ 369,401
2025	345,000	27,125	372,125
2026	355,000	19,635	374,635
2027	365,000	11,931	376,931
2028	375,000	4,013	379,013
Total	\$ 1,775,000	\$ 97,105	\$ 1,872,105

Financing Arrangements

In May 2021 and July 2022, the District entered into financing arrangements with Toshiba Corporation for the acquisition of multiple copy machines for use throughout the District. The arrangements have a maximum interest rate of 5.2%, with payments due monthly until June 2025.

Annual debt service requirements to maturity for the financing arrangement are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 30,392	\$ 1,854	\$ 32,246
2025	20,614	585	21,199
Totals	\$ 51,006	\$ 2,439	\$ 53,445

Issuance of Long-Term Debt

In March 2023, the District issued Unlimited Tax School Building Bonds, Series 2023 in the amount of \$69,805,000. The bonds have interest rates ranging from 4% to 5% and will mature in August 2053. The bonds will be used for the (i) acquisition, construction, renovations and equipment of school buildings in the District, including a new elementary school, expanding the Lockhart High School and the purchase of land for school sites and facilities and (ii) payment of costs associated with the issuance of the Bonds. The Bonds are guaranteed by the Permanent School Fund Guarantee Program of the State of Texas.

Defeased Debt

As of June 30, 2023, the total amount of defeased bonds still outstanding is \$53,000,000 and will be callable in fiscal year 2024.

The District's outstanding bonds payable contain a provision that in an event of default, the outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. The District's outstanding maintenance tax notes contain a provision that in an event of default, outstanding amounts become immediately due.

F. Defined Benefit Pension Plan

Plan Description. Lockhart Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is 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.

Pension Plan Fiduciary Net Position. Detailed information about the TRS'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 www.trs.state.tx.us; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

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

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

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

	Contribution Rates	
	2022	2023
Active Employee	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Current fiscal year employer contributions		\$ 1,785,430
Current fiscal year member contributions		3,401,262
2022 measurement year NECE on-behalf contributions		2,082,430

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

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

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

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

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

Actuarial Assumptions. The total pension liability in the August 31, 2021 actuarial valuation was determined rolled forward to August 31, 2022 and was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Investment Rate of Return	7.00%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95% including inflation
Payroll Growth Rate	3.0%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 15, 2021.

Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 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% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

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

Asset Class ¹	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	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, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
Risk Parity	8.00%	4.60%	0.43%
Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag ⁴			-0.91%
Expected Return	100.00%		8.21%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the FY2022 policy model.

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

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net position liability would be if it were calculated using a discount rate 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:	\$ 30,268,117	\$ 19,457,259	\$ 10,694,550

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023 the District reported a liability of \$19,457,259 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	\$ 19,457,259
State's proportionate share that is associated with the District	26,493,926
Total	\$ 45,951,185

The net pension liability was measured as of August 31, 2022 and the total pension liability used in the measurement was rolled forward from an actuarial valuation as of August 31, 2021. 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 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0327742992%, which was a decrease of 0.0016158150% from its proportion measured as of August 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$4,754,308 and revenue of \$2,532,519 for support provided by the State.

At June 30, 2023, the District's 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 economic experience	\$ 282,129	\$ 424,205
Changes in actuarial assumptions	3,625,521	903,581
Difference between projected and actual investment earnings	1,922,315	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	848,808	196,311
Contributions paid to TRS subsequent to the measurement date	<u>1,524,000</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 8,202,773</u>	<u>\$ 1,524,097</u>

\$1,524,000 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources will be recognized in pension expense as follows:

Fiscal year ended June 30,	Pension Expense Amount
2024	\$ 1,429,545
2025	784,076
2026	236,197
2027	2,321,066
2028	383,791
Thereafter	1

G. Defined Other Post-Employment Benefit Plans

Plan Description. Lockhart Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other post-employment benefit (OPEB) plan 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 Issuance 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 www.trs.state.tx.us; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public 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.

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

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

* or surviving spouse

Contributions. Contribution rates for TRS-Care are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care 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 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. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2022	2023
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 406,329
Current fiscal year member contributions		276,354
2022 measurement year NECE on-behalf contributions		443,814

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 employees hire a TRS retiree, they are required to pay TRS Care, a monthly surcharge of \$535 per retiree.

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB liability to August 31, 2022.

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

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. 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%
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.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.25% to 8.50%
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 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.

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 (2.91%) 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 net OPEB liability	\$ 12,505,864	\$ 10,606,466	\$ 9,067,709

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2023, the District reported a liability of \$10,606,466 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	\$ 10,606,466
State's proportionate share that is associated with the District	<u>12,938,222</u>
Total	<u>\$ 23,544,688</u>

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 August 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to their OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At the August 31, 2022 measurement date, the District's proportion of the collective net OPEB liability was 0.0442969579%, which was an increase of 0.0020141193% from its proportion measured as of August 31, 2021.

Healthcare Cost Trend Rates Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed rate used.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Proportionate share of net OPEB liability	\$ 8,739,776	\$ 10,606,466	\$ 13,026,390

Changes Since the Prior Actuarial Valuation. The following were changes to the actuarial assumptions or other inputs that affected the measurement of the total OPEB liability since the prior measurement period:

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$(2,765,755) and revenue of \$(1,836,038) for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 589,682	\$ 8,836,138
Changes in actuarial assumptions	1,615,575	7,368,742
Differences between projected and actual investment earnings	31,593	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,200,548	205,085
Contributions paid to OPEB subsequent to the measurement date	<u>343,918</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 5,781,316</u>	<u>\$ 16,409,965</u>

\$343,918 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended June 30,</u>	<u>OPEB Expense</u>
2024	\$ (2,075,600)
2025	(2,075,486)
2026	(1,625,704)
2027	(1,016,772)
2028	(1,465,998)
Thereafter	(2,713,007)

H. Active Employee Health Care Coverage

The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. The plan is authorized by the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and by the Texas Administrative Code, Title 34, Part 3, Chapter 41. The District contributed approximately \$330 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS Active Care. That report may be obtained by visiting the TRS Website at www.trs.state.tx.us, by writing to the Communications Department of the Texas Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

I. 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 \$162,079, \$167,528, and \$233,264 were recognized for the years ended June 30, 2021, 2022, and 2023, respectively, as equal revenues and expenditures.

J. Commitments and Contingencies

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

K. Risk Management

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

L. Shared Services Arrangements

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Lockhart ISD	\$ 1,731,498
Luling ISD	487,651
Prairie Lea ISD	74,366
Total SSA expenditures	<u>\$ 2,293,515</u>

M. Special Item

During the year ended June 30, 2023, the District paid legal fees totaling \$882,500 on behalf of a private company related to the company's application for a Chapter 313 agreement within the District. The funds received for the payment of these fees were recorded by the District in local and intermediate sources revenue in accordance with TEA guidelines.

N. New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

GASB Statement No. 99, Omnibus 2022 – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 23,937,684	\$ 25,638,749	\$ 25,864,700	\$ 225,951
5800	State program revenues	35,769,988	31,658,715	35,063,611	3,404,896
5900	Federal program revenues	<u>500,000</u>	<u>776,802</u>	<u>1,126,682</u>	<u>349,880</u>
5020	Total revenues	<u>60,207,672</u>	<u>58,074,266</u>	<u>62,054,993</u>	<u>3,980,727</u>
EXPENDITURES					
Current:					
0011	Instruction	35,446,872	35,119,322	35,119,261	61
0012	Instructional resources and media sources	616,766	666,849	640,947	25,902
0013	Curriculum and instructional staff development	1,015,491	1,139,958	1,019,674	120,284
0021	Instructional leadership	531,185	627,609	576,092	51,517
0023	School leadership	3,382,357	3,546,729	3,458,635	88,094
0031	Guidance, counseling, and evaluation services	1,223,954	1,381,069	1,349,167	31,902
0032	Social work services	169,857	185,857	174,436	11,421
0033	Health services	551,813	640,010	620,428	19,582
0034	Student (pupil) transportation	3,240,000	3,556,000	3,507,131	48,869
0036	Extracurricular activities	1,620,204	1,785,327	1,737,490	47,837
0041	General administration	2,811,898	2,864,326	2,816,354	47,972
0051	Facilities maintenance and operations	5,508,728	5,608,953	5,619,480	(10,527)
0052	Security and monitoring services	268,571	708,629	280,359	428,270
0053	Data processing services	969,196	1,218,920	1,211,264	7,656
0061	Community services	1,638	26,638	18,992	7,646
Debt Service:					
0071	Principal on long-term debt	55,000	384,411	367,903	16,508
0072	Interest on long-term debt	-	47,159	46,332	827
Capital Outlay:					
0081	Facilities acquisition and construction	-	717,828	626,728	91,100
Intergovernmental:					
0093	Payments to shared service arrangements	1,750,459	1,750,459	1,731,498	18,961
0099	Other intergovernmental	<u>490,000</u>	<u>600,000</u>	<u>596,901</u>	<u>3,099</u>
6030	Total expenditures	<u>59,653,989</u>	<u>62,576,053</u>	<u>61,519,072</u>	<u>1,056,981</u>
1100	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>553,683</u>	<u>(4,501,787)</u>	<u>535,921</u>	<u>5,037,708</u>
OTHER FINANCING SOURCES (USES)					
7913	Issuance of financing arrangements	-	-	59,022	59,022
8911	Transfers Out	-	-	<u>(565,626)</u>	<u>(565,626)</u>
7080	Total other financing sources (uses)	-	-	<u>(506,604)</u>	<u>(506,604)</u>
8912	SPECIAL ITEM	-	-	<u>(882,500)</u>	<u>(882,500)</u>
1200	NET CHANGE IN FUND BALANCES	<u>553,683</u>	<u>(4,501,787)</u>	<u>(853,183)</u>	<u>3,648,604</u>
0100	FUND BALANCE, BEGINNING	<u>24,806,709</u>	<u>24,806,709</u>	<u>24,806,709</u>	<u>-</u>
3000	FUND BALANCE, ENDING	<u>\$ 25,360,392</u>	<u>\$ 20,304,922</u>	<u>\$ 23,953,526</u>	<u>\$ 3,648,604</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2023

Plan Year Ended August 31,	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability (asset)	0.0327743%	0.0311585%	0.0311202%
District's proportionate share of the net pension liability (asset)	\$ 19,457,259	\$ 7,934,963	\$ 16,667,345
State's proportionate share of the net pension liability (asset) associated with the District	<u>26,493,926</u>	<u>11,473,864</u>	<u>23,504,344</u>
Total	<u>\$ 45,951,185</u>	<u>\$ 19,408,827</u>	<u>\$ 40,171,689</u>
District's covered payroll	\$ 39,909,108	\$ 36,790,770	\$ 35,521,492
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	48.75%	21.57%	46.92%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%

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

2019	2018	2017	2016	2015	2014
0.0319815%	0.0319815%	0.0292449%	0.0287948%	0.0292538%	0.0197780%
\$ 16,624,983	\$ 17,538,416	\$ 9,350,942	\$ 10,881,118	\$ 10,340,829	\$ 5,282,977
<u>21,206,089</u>	<u>23,582,936</u>	<u>14,653,093</u>	<u>16,826,316</u>	<u>16,271,958</u>	<u>13,744,870</u>
<u>\$ 37,831,072</u>	<u>\$ 41,121,352</u>	<u>\$ 24,004,035</u>	<u>\$ 27,707,434</u>	<u>\$ 26,612,787</u>	<u>\$ 19,027,847</u>
\$ 32,358,591	\$ 31,692,894	\$ 29,968,151	\$ 28,764,071	\$ 27,754,797	\$ 26,227,055
51.38%	55.34%	31.20%	37.83%	37.26%	20.14%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2023

Fiscal Year Ended June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 1,785,430	\$ 1,485,693	\$ 1,342,220
Contributions in relation to the contractually required contribution	<u>(1,785,430)</u>	<u>(1,485,693)</u>	<u>(1,342,220)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 42,627,537	\$ 39,223,830	\$ 36,570,653
Contribution as a percentage of covered payroll	4.19%	3.79%	3.67%

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

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2020	2019	2018	2017	2016	2015
\$ 1,250,665	\$ 1,116,036	\$ 1,043,672	\$ 927,988	\$ 903,438	\$ 810,976
<u>(1,250,665)</u>	<u>(1,116,036)</u>	<u>(1,043,672)</u>	<u>(927,988)</u>	<u>(903,438)</u>	<u>(810,976)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 35,049,035	\$ 32,154,893	\$ 31,186,506	\$ 29,668,119	\$ 28,456,580	\$ 27,582,011
3.57%	3.47%	3.35%	3.13%	3.17%	2.94%

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LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2023

Plan Year Ended August 31,	2022	2021	2020
District's proportion of the net OPEB liability (asset)	0.0442970%	0.0422828%	0.0413786%
District's proportionate share of the net OPEB liability (asset)	\$ 10,606,466	\$ 16,310,380	\$ 15,729,861
State's proportionate share of the net OPEB liability (asset) associated with the District	<u>12,938,222</u>	<u>21,852,275</u>	<u>21,137,162</u>
Total	<u>\$ 23,544,688</u>	<u>\$ 38,162,655</u>	<u>\$ 36,867,023</u>
District's covered payroll	\$ 39,665,371	\$ 37,714,914	\$ 35,546,545
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	26.74%	43.25%	44.25%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%

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

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.0399940%	0.0405306%	0.0365625%
\$ 18,887,885	\$ 20,237,284	\$ 15,899,673
<u>25,097,775</u>	<u>26,359,820</u>	<u>22,917,035</u>
<u>\$ 43,985,660</u>	<u>\$ 46,597,104</u>	<u>\$ 38,816,708</u>
\$ 32,358,651	\$ 31,692,894	\$ 29,968,151
58.37%	63.85%	53.06%
2.66%	1.57%	0.91%

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LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2023

Fiscal year Ended June 30,	2023	2022	2021
Contractually required contribution	\$ 406,329	\$ 356,059	\$ 310,521
Contributions in relation to the contractually required contribution	(406,329)	(356,059)	(310,521)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered payroll	\$ 42,515,926	\$ 39,091,897	\$ 36,595,692
Contribution as a percentage of covered payroll	0.96%	0.91%	0.85%

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

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<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 269,292	\$ 246,418	\$ 239,614
<u>(269,292)</u>	<u>(246,418)</u>	<u>(239,614)</u>
\$ -	\$ -	\$ -
\$ 35,049,487	\$ 32,148,410	\$ 31,192,689
0.77%	0.77%	0.77%

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LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

Budgetary Information

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the National Lunch and Breakfast Program Fund (which is included as a Special Revenue Fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The ESSER II and ESSER III Grant Funds do not have legally adopted budgets. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the other two reports are presented in Exhibits J-2 and J-3.

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 ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.
4. 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 the fiscal year end. The budget was amended as necessary during the year.
5. Each budget is controlled at the organizational level by the administration, appropriate department head or campus principal within Board allocations at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Expenditures Exceeding Appropriations

In 2023, expenditures in Function 51 of the General Fund exceeded the budget by \$10,527. The overage will be covered with existing fund balance.

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COMBINING STATEMENTS

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes		Special Revenue Funds			
		206	211	224	225
		ESEA Title X Part C Homeless	ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments current	-	-	-	-
1240	Due from other governments	8,463	243,210	245,336	-
1260	Due from other funds	-	-	-	-
1410	Prepaid expenses	-	-	-	-
1000	Total assets	<u>8,463</u>	<u>243,210</u>	<u>245,336</u>	<u>-</u>
LIABILITIES					
2110	Accounts payable	4,011	-	508	-
2150	Payroll deductions and withholdings	-	27,777	31,312	-
2160	Accrued wages payable	-	159,285	213,516	-
2170	Due to other funds	4,452	56,148	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>8,463</u>	<u>243,210</u>	<u>245,336</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or state funds grant restriction	-	-	-	-
Committed Fund Balance:					
3545	Campus activity	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 8,463</u>	<u>\$ 243,210</u>	<u>\$ 245,336</u>	<u>\$ -</u>

Special Revenue Funds					
226	240	244	255	263	265
IDEA - Part B Discretionary	National Breakfast and Lunch Program	Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition	Title IV, B Community Learning
\$ 168,853	\$ 432,771	\$ -	\$ -	\$ -	\$ -
-	2,959,593	-	-	-	-
183,104	71,014	59,074	90,147	94,440	155,845
-	4,055	-	52	-	1,682
-	-	-	-	-	-
<u>351,957</u>	<u>3,467,433</u>	<u>59,074</u>	<u>90,199</u>	<u>94,440</u>	<u>157,527</u>
236,260	61,902	-	-	1,996	12,774
-	16,841	93	4,233	1,801	5,493
-	-	-	25,208	15,568	16,225
115,697	336,409	58,981	60,758	75,075	123,035
-	10	-	-	-	-
-	-	-	-	-	-
<u>351,957</u>	<u>415,162</u>	<u>59,074</u>	<u>90,199</u>	<u>94,440</u>	<u>157,527</u>
-	3,052,271	-	-	-	-
-	-	-	-	-	-
-	<u>3,052,271</u>	-	-	-	-
<u>\$ 351,957</u>	<u>\$ 3,467,433</u>	<u>\$ 59,074</u>	<u>\$ 90,199</u>	<u>\$ 94,440</u>	<u>\$ 157,527</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes		Special Revenue Funds			
		270	274	279	284
		Gear UP Grant	Gear UP Grant 2	TCLAS Fund of the ARP Act	IDEA - Part B Formula ARP Act
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments current	-	-	-	-
1240	Due from other governments	130,509	15,553	1,108,951	355,838
1260	Due from other funds	-	-	-	-
1410	Prepaid expenses	-	-	-	-
1000	Total assets	<u>130,509</u>	<u>15,553</u>	<u>1,108,951</u>	<u>355,838</u>
LIABILITIES					
2110	Accounts payable	3,207	-	-	-
2150	Payroll deductions and withholdings	1,015	356	892	3,119
2160	Accrued wages payable	112	55	-	15,977
2170	Due to other funds	126,175	14,536	1,108,059	336,742
2180	Due to other governments	-	606	-	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>130,509</u>	<u>15,553</u>	<u>1,108,951</u>	<u>355,838</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or state funds grant restriction	-	-	-	-
Committed Fund Balance:					
3545	Campus activity	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 130,509</u>	<u>\$ 15,553</u>	<u>\$ 1,108,951</u>	<u>\$ 355,838</u>

Special Revenue Funds							
288 Emergency Connectivity Fund	289 Other Federal Special Revenue	385 Visually Impaired SSVI	397 Children's Trust Fund of Texas	410 State Textbook Fund	425 Dyslexia Grant Award Program	429 State Funded SR Fund	437 SSA Special Education
\$ -	\$ 5,007	\$ -	\$ 577	\$ -	\$ -	\$ -	\$ 62,591
-	-	-	-	-	-	-	-
599,980	95,314	5,105	-	2,161	4,340	196,400	37,335
-	-	-	-	-	-	-	126,030
-	-	-	-	-	-	-	3,585
<u>599,980</u>	<u>100,321</u>	<u>5,105</u>	<u>577</u>	<u>2,161</u>	<u>4,340</u>	<u>196,400</u>	<u>229,541</u>
-	78,990	300	-	-	1,300	-	-
-	10	-	-	-	-	857	27,047
-	-	-	-	-	107	-	202,494
599,980	16,314	4,805	-	2,161	2,933	195,531	-
-	-	-	-	-	-	-	-
-	5,007	-	577	-	-	12	-
<u>599,980</u>	<u>100,321</u>	<u>5,105</u>	<u>577</u>	<u>2,161</u>	<u>4,340</u>	<u>196,400</u>	<u>229,541</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 599,980</u>	<u>\$ 100,321</u>	<u>\$ 5,105</u>	<u>\$ 577</u>	<u>\$ 2,161</u>	<u>\$ 4,340</u>	<u>\$ 196,400</u>	<u>\$ 229,541</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes		Special Revenue Funds			
		461 Campus Activity Funds	480 Education Foundation	490 Kinder Morgan	493 Saint David's
ASSETS					
1110	Cash and cash equivalents	\$ 75,692	\$ 8,488	\$ 39,197	\$ 123,624
1120	Investments current	-	-	-	-
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1410	Prepaid expenses	-	-	-	-
1000	Total assets	<u>75,692</u>	<u>8,488</u>	<u>39,197</u>	<u>123,624</u>
LIABILITIES					
2110	Accounts payable	143	-	-	256
2150	Payroll deductions and withholdings	-	-	-	108
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	73	-	-	-
2180	Due to other governments	-	-	-	-
2300	Unearned revenue	-	8,488	39,197	123,260
2000	Total liabilities	<u>216</u>	<u>8,488</u>	<u>39,197</u>	<u>123,624</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or state funds grant restriction	-	-	-	-
Committed Fund Balance:					
3545	Campus activity	<u>75,476</u>	-	-	-
3000	Total fund balances	<u>75,476</u>	-	-	-
4000	Total liabilities and fund balances	<u>\$ 75,692</u>	<u>\$ 8,488</u>	<u>\$ 39,197</u>	<u>\$ 123,624</u>

494 Parent Teacher Organization	495 Miscellaneous Grants Fund	496 Athletic Programs Donations	497 Music Programs Donations	Total Nonmajor Governmental Funds
\$ 15,432	\$ 18,325	\$ 3,650	\$ 8,617	\$ 962,824
-	-	-	-	2,959,593
-	-	-	-	3,702,119
-	-	-	-	131,819
-	-	-	-	3,585
<u>15,432</u>	<u>18,325</u>	<u>3,650</u>	<u>8,617</u>	<u>7,759,940</u>
-	326	-	4,600	406,573
-	2	-	-	120,956
-	-	-	-	648,547
-	120	-	-	3,237,984
-	-	-	-	616
<u>15,432</u>	<u>17,877</u>	<u>3,650</u>	<u>4,017</u>	<u>217,517</u>
<u>15,432</u>	<u>18,325</u>	<u>3,650</u>	<u>8,617</u>	<u>4,632,193</u>
-	-	-	-	3,052,271
-	-	-	-	75,476
-	-	-	-	3,127,747
<u>\$ 15,432</u>	<u>\$ 18,325</u>	<u>\$ 3,650</u>	<u>\$ 8,617</u>	<u>\$ 7,759,940</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Special Revenue Funds			
		206 ESEA Title X Part C Homeless	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	<u>10,380</u>	<u>1,150,114</u>	<u>1,558,489</u>	<u>25,873</u>
5020	Total revenues	<u>10,380</u>	<u>1,150,114</u>	<u>1,558,489</u>	<u>25,873</u>
EXPENDITURES					
Current:					
0011	Instruction	-	973,954	847,462	25,873
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	1,246	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	172,078	708,647	-
0032	Social work services	5,928	-	-	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	4,452	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	2,836	2,380	-
6030	Total expenditures	<u>10,380</u>	<u>1,150,114</u>	<u>1,558,489</u>	<u>25,873</u>
1200	NET CHANGE IN FUND BALANCES	-	-	-	-
0100	FUND BALANCE, BEGINNING	-	-	-	-
3000	FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds					
226	240	244	255	263	265
IDEA - Part B Discretionary	National Breakfast and Lunch Program	Career and Technical - Basic Grant	ESEA II, A Training and Recruiting	Title III, A English Lang. Acquisition	Title IV, B Community Learning
\$ -	\$ 427,238	\$ -	\$ -	\$ -	\$ -
-	42,169	-	-	-	-
<u>183,104</u>	<u>4,709,532</u>	<u>57,274</u>	<u>172,978</u>	<u>212,980</u>	<u>527,755</u>
<u>183,104</u>	<u>5,178,939</u>	<u>57,274</u>	<u>172,978</u>	<u>212,980</u>	<u>527,755</u>
183,104	-	57,274	46	97,325	32,877
-	-	-	-	-	-
-	-	-	172,932	115,655	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	34,003
-	5,283,454	-	-	-	-
-	-	-	-	-	-
-	228,631	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	460,875
<u>183,104</u>	<u>5,512,085</u>	<u>57,274</u>	<u>172,978</u>	<u>212,980</u>	<u>527,755</u>
-	(333,146)	-	-	-	-
-	3,385,417	-	-	-	-
\$ -	\$ 3,052,271	\$ -	\$ -	\$ -	\$ -

LOCKHART INDEPENDENT SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Special Revenue Funds			
		270	274	279	284
		Gear UP Grant	Gear UP Grant 2	TCLAS Fund of the ARP Act	IDEA - Part B Formula ARP Act
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	55,264	45,368	-	-
5900	Federal program revenues	<u>299,879</u>	<u>106,731</u>	<u>1,075,191</u>	<u>344,994</u>
5020	Total revenues	<u>355,143</u>	<u>152,099</u>	<u>1,075,191</u>	<u>344,994</u>
EXPENDITURES					
Current:					
0011	Instruction	171,562	25,793	757,682	247,915
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	2,023	100	2,970	-
0021	Instructional leadership	-	-	303,305	36,734
0023	School leadership	1,494	1,541	11,234	-
0031	Guidance, counseling, and evaluation services	179,971	123,623	-	60,345
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	93	1,042	-	-
6030	Total expenditures	<u>355,143</u>	<u>152,099</u>	<u>1,075,191</u>	<u>344,994</u>
1200	NET CHANGE IN FUND BALANCES	-	-	-	-
0100	FUND BALANCE, BEGINNING	-	-	-	-
3000	FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds							
288 Emergency Connectivity Fund	289 Other Federal Special Revenue	385 Visually Impaired SSVI	397 Children's Trust Fund of Texas	410 State Textbook Fund	425 Dyslexia Grant Award Program	429 State Funded SR Fund	437 SSA Special Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,236,069
-	-	5,034	-	93,781	32,653	235,763	104,962
<u>599,980</u>	<u>116,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>599,980</u>	<u>116,371</u>	<u>5,034</u>	<u>-</u>	<u>93,781</u>	<u>32,653</u>	<u>235,763</u>	<u>2,341,031</u>
599,980	-	2,234	-	93,781	2,074	125,823	1,765,164
-	-	-	-	-	30,579	42,500	-
-	-	-	-	-	-	-	235,716
-	37,380	-	-	-	-	-	-
-	-	-	-	-	-	-	158,405
-	-	2,800	-	-	-	-	-
-	-	-	-	-	-	-	181,746
-	-	-	-	-	-	-	-
-	78,991	-	-	-	-	67,440	-
-	-	-	-	-	-	-	-
<u>599,980</u>	<u>116,371</u>	<u>5,034</u>	<u>-</u>	<u>93,781</u>	<u>32,653</u>	<u>235,763</u>	<u>2,341,031</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Special Revenue Funds			
		461 Campus Activity Funds	480 Education Foundation	490 Kinder Morgan	493 Saint David's
REVENUES					
5700	Local and intermediate sources	\$ 149,366	\$ 101,860	\$ 33,101	\$ 87,934
5800	State program revenues	-	-	-	6,550
5900	Federal program revenues	-	-	-	-
5020	Total revenues	<u>149,366</u>	<u>101,860</u>	<u>33,101</u>	<u>94,484</u>
EXPENDITURES					
Current:					
0011	Instruction	28,045	96,042	33,101	-
0012	Instructional resources and media services	69,819	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	7,800	-	-	-
0031	Guidance, counseling, and evaluation services	600	1,883	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	50,963	-	-	-
0041	General administration	998	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	3,935	-	94,484
6030	Total expenditures	<u>158,225</u>	<u>101,860</u>	<u>33,101</u>	<u>94,484</u>
1200	NET CHANGE IN FUND BALANCES	(8,859)	-	-	-
0100	FUND BALANCE, BEGINNING	<u>84,335</u>	-	-	-
3000	FUND BALANCE, ENDING	<u>\$ 75,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

494 Parent Teacher Organization	495 Miscellaneous Grants Fund	496 Athletic Programs Donations	497 Music Programs Donations	Total Nonmajor Governmental Funds
\$ 11,594	\$ 6,023	\$ 28,822	\$ 17,568	\$ 3,099,575
-	-	-	-	621,544
-	-	-	-	<u>11,151,625</u>
<u>11,594</u>	<u>6,023</u>	<u>28,822</u>	<u>17,568</u>	<u>14,872,744</u>
11,594	4,826	-	17,568	6,201,099
-	697	-	-	70,516
-	-	-	-	368,005
-	-	-	-	575,755
-	-	-	-	22,069
-	-	-	-	1,442,932
-	-	-	-	5,928
-	-	-	-	2,800
-	-	-	-	220,201
-	-	-	-	5,283,454
-	500	28,822	-	80,285
-	-	-	-	998
-	-	-	-	228,631
-	-	-	-	146,431
-	-	-	-	565,645
<u>11,594</u>	<u>6,023</u>	<u>28,822</u>	<u>17,568</u>	<u>15,214,749</u>
-	-	-	-	(342,005)
-	-	-	-	<u>3,469,752</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,127,747</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF NET POSITION

NONMAJOR PROPRIETARY FUNDS

JUNE 30, 2023

Data Control Codes		712 Summer Recreation	713 After School Program	714 Cubhouse Students	715 GED Adult Ed
ASSETS					
1110	Cash and cash equivalents	\$ 34,942	\$ 8,659	\$ 34,278	\$ -
1260	Due from other funds	679	-	868	-
1290	Other receivables	<u>2,867</u>	<u>-</u>	<u>-</u>	<u>20,136</u>
1000	Total assets	<u>38,488</u>	<u>8,659</u>	<u>35,146</u>	<u>20,136</u>
LIABILITIES					
2110	Accounts payable	6,006	-	407	192
2150	Payroll deductions and withholdings	394	688	5,419	-
2160	Accrued wages payable	17,029	4,356	29,320	1,085
2170	Due to other funds	21	3,615	-	18,859
2300	Unearned revenue	<u>15,038</u>	<u>-</u>	<u>-</u>	<u>-</u>
2000	Total liabilities	<u>38,488</u>	<u>8,659</u>	<u>35,146</u>	<u>20,136</u>
NET POSITION					
3000	Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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716	717	Total
Cubhouse Employees	Community Ed. Adm.	Nonmajor Funds
\$ 10,815	\$ 1,486	\$ 90,180
-	22	1,569
<u>18,675</u>	<u>-</u>	<u>41,678</u>
<u>29,490</u>	<u>1,508</u>	<u>133,427</u>
390	250	7,245
3,851	308	10,660
25,249	-	77,039
-	-	22,495
<u>-</u>	<u>950</u>	<u>15,988</u>
<u>29,490</u>	<u>1,508</u>	<u>133,427</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	712 <u>Summer Recreation</u>	713 After School Program	714 Cubhouse Students
OPERATING REVENUES			
5700 Local and intermediate sources	\$ 110,728	\$ 312,905	\$ -
5800 State program revenues	<u>4,097</u>	<u>14,514</u>	<u>14,711</u>
5020 Total operating revenues	<u>114,825</u>	<u>327,419</u>	<u>14,711</u>
OPERATING EXPENSES			
6100 Payroll costs	72,941	217,105	252,184
6200 Professional and contracted services	6,263	1,367	5,070
6300 Supplies and materials	4,265	7,090	6,846
6400 Other operating costs	<u>968</u>	<u>4,924</u>	<u>1,829</u>
6030 Total operating expenses	<u>84,437</u>	<u>230,486</u>	<u>265,929</u>
1100 INCOME BEFORE TRANSFERS	30,388	96,933	(251,218)
TRANSFERS IN (OUT)			
7915 Transfers in	-	-	251,218
8911 Transfers out	<u>(30,388)</u>	<u>(96,933)</u>	<u>-</u>
7080 Total transfers in (out)	(30,388)	(96,933)	251,218
1200 CHANGE IN NET POSITION	-	-	-
0100 NET POSITION, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
3000 NET POSITION, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

715	716	717	Total Nonmajor Funds
GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	
\$ 69,649	\$ 250,340	\$ 55,646	\$ 799,268
-	14,819	13,464	61,605
<u>69,649</u>	<u>265,159</u>	<u>69,110</u>	<u>860,873</u>
64,992	234,862	175,302	1,017,386
-	5,070	8,180	25,950
636	5,425	9,371	33,633
6,958	54	460	15,193
<u>72,586</u>	<u>245,411</u>	<u>193,313</u>	<u>1,092,162</u>
(2,937)	19,748	(124,203)	(231,289)
2,937	-	124,203	378,358
-	(19,748)	-	(147,069)
<u>2,937</u>	<u>(19,748)</u>	<u>124,203</u>	<u>231,289</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	712	713	714
	Summer Recreation	After School Program	Cubhouse Students
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 106,696	\$ 312,935	\$ -
Cash receipts from grants	4,097	14,514	14,711
Cash payments to employees	(64,390)	(218,635)	(236,750)
Cash payments to suppliers for goods and services	<u>(9,809)</u>	<u>(16,176)</u>	<u>(13,338)</u>
Net cash provided by operating activities	<u>36,594</u>	<u>92,638</u>	<u>(235,377)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	-	251,218
Transfers to other funds	<u>(30,388)</u>	<u>(96,933)</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>(30,388)</u>	<u>(96,933)</u>	<u>251,218</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,206	(4,295)	15,841
CASH AND CASH EQUIVALENTS, BEGINNING	<u>28,736</u>	<u>12,954</u>	<u>18,437</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>34,942</u>	<u>8,659</u>	<u>34,278</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	<u>30,388</u>	<u>96,933</u>	<u>(251,218)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease (increase) in customer receivable	(420)	-	-
Decrease (increase) in due from other funds	206	30	-
Increase (decrease) in accounts payable	1,666	-	-
Increase (decrease) in payroll deductions	178	306	2,395
Increase (decrease) in wages payable	8,373	(1,836)	13,039
Increase (decrease) in due to other funds	21	(2,795)	407
Increase (decrease) in unearned revenue	<u>(3,818)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 36,594</u>	<u>\$ 92,638</u>	<u>\$ (235,377)</u>

EXHIBIT H-5

715	716	717	Total Nonmajor Funds
GED Adult Ed	Cubhouse Employees	Community Ed. Adm.	
\$ 69,898	\$ 231,665	\$ 55,646	\$ 776,840
-	14,819	13,464	61,605
(65,273)	(226,793)	(175,277)	(987,118)
<u>(7,562)</u>	<u>(12,128)</u>	<u>(17,770)</u>	<u>(76,783)</u>
<u>(2,937)</u>	<u>7,563</u>	<u>(123,937)</u>	<u>(225,456)</u>
2,937	-	124,203	378,358
-	<u>(19,748)</u>	-	<u>(147,069)</u>
<u>2,937</u>	<u>(19,748)</u>	<u>124,203</u>	<u>231,289</u>
-	(12,185)	266	5,833
-	<u>23,000</u>	<u>1,220</u>	<u>84,347</u>
-	<u>10,815</u>	<u>1,486</u>	<u>90,180</u>
<u>(2,937)</u>	<u>19,748</u>	<u>(124,203)</u>	<u>(231,289)</u>
(8,941)	(18,675)	-	(28,036)
-	-	-	236
32	-	241	1,939
-	1,419	25	4,323
(281)	6,650	-	25,945
9,190	(1,579)	-	5,244
-	-	-	<u>(3,818)</u>
<u>\$ (2,937)</u>	<u>\$ 7,563</u>	<u>\$ (123,937)</u>	<u>\$ (225,456)</u>

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**REQUIRED TEXAS EDUCATION
AGENCY SCHEDULES**

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECIEVABLE

FOR THE YEAR ENDED JUNE 30, 2023

Last Ten Years Ended June 30,	Tax Rates		3 Net Assessed/ Appraised Value for School Tax Purpose
	1 Maintenance	2 Debt Service	
2014 and prior years	various	various	various
2015	1.040000	0.139500	1,036,865,855
2016	1.040000	0.389100	1,055,788,818
2017	1.040000	0.290500	1,050,678,392
2018	1.040000	0.292400	1,100,291,396
2019	1.040000	0.292400	1,230,861,929
2020	1.040000	0.292400	1,360,183,381
2021	0.970000	0.292400	1,608,178,491
2022	0.909400	0.257700	1,792,989,375
2023 (School year under audit)	0.854600	0.257700	2,795,333,993
1000 Totals			
8000	Taxes Refunded under 26.1115		

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10	20	31	32	40	50
Beginning Balance 07/01/22	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 06/30/23
\$ 426,484	\$ -	\$ 973	\$ 16,421	\$ 771	\$ 409,861
77,794	-	7,118	955	(39)	69,682
71,736	-	6,895	2,580	-	62,261
87,989	-	9,673	2,702	-	75,614
110,593	-	16,633	4,676	(397)	88,887
180,981	-	41,299	11,611	(3,273)	124,798
351,229	-	139,568	39,240	55,496	227,917
501,572	-	206,642	62,291	54,269	286,908
1,047,520	-	406,657	115,236	21,297	546,924
<u>-</u>	<u>31,092,500</u>	<u>22,534,240</u>	<u>6,795,078</u>	<u>(420,754)</u>	<u>1,342,428</u>
<u>\$ 2,855,898</u>	<u>\$ 31,092,500</u>	<u>\$ 23,369,698</u>	<u>\$ 7,050,790</u>	<u>\$ (292,630)</u>	<u>\$ 3,235,280</u>
		<u>\$ 204,100</u>			

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - NATIONAL LUNCH AND BREAKFAST PROGRAM

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 240,000	\$ 427,408	\$ 427,238	\$ (170)
5800	State program revenues	16,323	41,323	42,169	846
5900	Federal program revenues	<u>4,039,834</u>	<u>5,087,274</u>	<u>4,709,532</u>	<u>(377,742)</u>
5020	Total revenues	<u>4,296,157</u>	<u>5,556,005</u>	<u>5,178,939</u>	<u>(377,066)</u>
EXPENDITURES					
0035	Food services	4,052,578	5,891,142	5,283,454	607,688
0051	Facilities maintenance and operations	<u>224,111</u>	<u>249,111</u>	<u>228,631</u>	<u>20,480</u>
6030	Total expenditures	<u>4,276,689</u>	<u>6,140,253</u>	<u>5,512,085</u>	<u>628,168</u>
1200	NET CHANGE IN FUND BALANCES	19,468	(584,248)	(333,146)	251,102
0100	FUND BALANCE, BEGINNING	<u>3,385,417</u>	<u>3,385,417</u>	<u>3,385,417</u>	<u>-</u>
3000	FUND BALANCES, ENDING	<u>\$ 3,404,885</u>	<u>\$ 2,801,169</u>	<u>\$ 3,052,271</u>	<u>\$ 251,102</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 7,145,875	\$ 7,384,875	\$ 7,441,213	\$ 56,338
5800	State program revenues	-	-	156,219	156,219
5020	Total revenues	<u>7,145,875</u>	<u>7,384,875</u>	<u>7,597,432</u>	<u>212,557</u>
EXPENDITURES					
Debt Service:					
0071	Principal on long-term debt	6,019,599	5,662,022	2,970,000	2,692,022
0072	Interest on long-term debt	1,479,901	1,460,908	1,460,908	-
0073	Bond issuance cost and fees	8,000	8,000	7,610	390
6030	Total expenditures	<u>7,507,500</u>	<u>7,130,930</u>	<u>4,438,518</u>	<u>2,692,412</u>
1200	NET CHANGE IN FUND BALANCES	(361,625)	253,945	3,158,914	2,904,969
0100	FUND BALANCE, BEGINNING	<u>6,536,927</u>	<u>6,536,927</u>	<u>6,536,927</u>	-
3000	FUND BALANCES, ENDING	<u>\$ 6,175,302</u>	<u>\$ 6,790,872</u>	<u>\$ 9,695,841</u>	<u>\$ 2,904,969</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 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.	\$ 7,054,568
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA’s fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 3,079,760

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA’s fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA’s fiscal year.	\$ 1,273,601
AP8	List the actual direct program expenditures for bilingual education programs during the LEA’s fiscal year. (PICs 25, 35)	\$ 594,732

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STATISTICAL SECTION

LOCKHART INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Primary Government				
Net Investment in Capital Assets	\$ 6,682,000	\$ 7,356,000	\$ 14,345,000	\$ 14,095,000
Restricted	3,982,000	5,403,000	5,521,000	6,067,000
Campus Activities	-	-	-	-
Unrestricted	<u>12,856,000</u>	<u>7,331,000</u>	<u>1,223,000</u>	<u>740,000</u>
Total Primary Government Net Assets	<u>\$ 23,520,000</u>	<u>\$ 20,090,000</u>	<u>\$ 21,089,000</u>	<u>\$ 20,902</u>

Source of Information: Lockhart Independent School District Financial Statements

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TABLE 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 16,009,000	\$ 13,050,000	\$ 12,007,000	\$ 10,355,000	\$ 5,274,686	\$ 2,252,718
5,967,000	6,245,000	6,885,000	8,083,000	10,894,716	13,708,988
-	66,000	67,000	67,000	-	-
<u>(20,404,000)</u>	<u>(19,831,000)</u>	<u>(19,641,000)</u>	<u>(15,935,000)</u>	<u>(9,125,007)</u>	<u>(9,470,939)</u>
<u>\$ 1,572,000</u>	<u>\$ (470,000)</u>	<u>\$ (682,000)</u>	<u>\$ 2,570,000</u>	<u>\$ 7,044,395</u>	<u>\$ 6,490,767</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

CHANGE IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2014	2015	2016	2017
Expenses				
Governmental activities:				
Instruction	\$ 24,767,625	\$ 26,836,890	\$ 29,129,813	\$ 31,313,283
Instruction resources and media services	665,913	691,780	718,093	790,158
Curriculum and staff development	208,221	362,660	442,361	667,962
Instructional leadership	623,622	738,348	731,929	705,170
School leadership	2,869,896	2,765,342	3,254,546	3,360,237
Guidance, counseling and evaluation services	1,739,127	1,789,186	1,915,436	1,888,007
Social work services	113,030	114,788	121,420	167,429
Health services	426,452	449,124	467,290	472,680
Student transportation	2,127,960	2,174,699	1,947,846	2,271,603
Food service	3,202,728	3,183,623	3,219,733	3,532,495
Cocurricular/Extracurricular Activities	1,425,266	1,405,619	1,452,000	1,646,960
General administration	1,621,938	2,303,973	2,057,187	2,061,212
Plant maintenance and operations	4,321,452	4,523,846	5,139,411	5,039,892
Security and monitoring services	219,855	122,069	159,028	186,313
Data processing services	240,789	195,125	341,502	448,059
Community services	63,198	54,456	26,944	59,428
Debt Service - Interest on long-term debt	538,218	2,613,218	2,963,302	2,916,359
Bond Issuance Costs & Fees	5,285	730	7,455	6,050
Payments related to shared services arrangements	754,017	848,986	847,369	784,554
Other intergovernmental charges	287,287	287,784	328,103	319,083
Total primary government expenses	<u>46,221,879</u>	<u>51,462,246</u>	<u>55,270,768</u>	<u>58,636,934</u>
Program Revenues				
Governmental activities:				
Charges for Services:				
Food Services	458,179	413,259	408,364	398,290
Cocurricular/Extracurricular Activities	104,567	104,770	128,880	120,502
Plant Maintenance & Operations	89,028	90,662	64,903	42,752
Security & Monitoring Services	228	-	-	-
Operating grants and contributions	6,986,883	7,048,607	7,301,147	7,853,010
Total primary government program revenues	<u>7,638,885</u>	<u>7,657,298</u>	<u>7,903,294</u>	<u>8,414,554</u>
Net (Expense)/Revenue	<u>(38,582,994)</u>	<u>(43,804,948)</u>	<u>(47,367,474)</u>	<u>(50,222,380)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, levied for general purposes	10,942,480	11,206,272	11,016,253	11,864,875
Property taxes, levied for debt service	1,473,590	4,117,021	3,055,997	3,259,897
Grants and contributions not restricted	27,212,317	29,777,819	32,320,360	33,477,563
Investment earnings	59,676	186,095	385,185	278,137
Miscellaneous	916,656	1,118,321	1,587,520	2,054,716
Transfers	1,171,083	1,052,896	572,204	-
Special item	-	-	-	-
Total government activities	<u>41,775,802</u>	<u>47,458,424</u>	<u>48,937,519</u>	<u>50,935,188</u>
Change in Net Position	<u>\$ 3,192,808</u>	<u>\$ 3,653,476</u>	<u>\$ 1,570,045</u>	<u>\$ 712,808</u>

TABLE 2

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	23,317,881	\$	36,755,001	\$	40,329,397	\$	41,902,217	\$	41,294,972	\$	45,320,059
	592,088		778,049		740,444		687,991		676,430		755,262
	739,664		986,288		907,308		802,858		1,193,850		1,555,573
	572,442		963,224		910,426		886,507		997,556		1,284,333
	2,197,030		3,474,410		3,711,586		3,627,146		3,360,691		3,691,734
	1,375,052		2,239,935		2,769,082		2,628,034		2,904,135		2,919,694
	173,530		191,921		206,351		222,343		199,259		410,876
	353,123		584,491		689,754		592,417		552,864		654,106
	2,789,253		3,136,283		3,130,144		3,388,099		3,490,682		4,030,562
	3,130,521		3,815,492		4,306,789		3,543,119		3,812,152		5,442,921
	1,210,738		1,707,932		1,652,448		1,653,879		1,734,400		1,972,967
	1,741,417		2,771,648		2,680,979		2,670,608		2,711,289		2,986,405
	4,016,322		5,782,889		6,295,724		6,259,841		5,876,853		6,382,374
	208,345		349,282		327,903		372,044		413,974		453,079
	435,339		663,905		901,531		991,782		1,232,446		1,274,355
	59,986		19,078		100,661		39,669		120,933		563,708
	3,055,185		3,061,515		2,888,158		1,931,112		1,606,998		2,268,741
	55,351		6,177		6,345		224,625		-		-
	782,590		847,498		1,420,482		1,438,819		1,600,422		1,731,498
	328,694		339,437		374,024		365,283		479,303		596,901
	<u>47,134,551</u>		<u>68,474,455</u>		<u>74,349,536</u>		<u>74,228,393</u>		<u>74,259,209</u>		<u>84,295,148</u>
	350,762		426,831		236,020		74,275		234,328		255,019
	89,864		83,460		93,470		61,938		123,560		120,264
	48,982		92,207		58,571		44,249		41,928		59,082
	-		-		-		-		-		-
	<u>828,205</u>		<u>-</u>		<u>-</u>		<u>16,376,245</u>		<u>16,648,292</u>		<u>17,455,980</u>
	<u>1,317,813</u>		<u>602,498</u>		<u>388,061</u>		<u>16,556,707</u>		<u>17,048,108</u>		<u>17,890,345</u>
	<u>(45,816,738)</u>		<u>(67,871,957)</u>		<u>(73,961,475)</u>		<u>(57,671,686)</u>		<u>(57,211,101)</u>		<u>(66,404,803)</u>
	12,968,574		14,359,509		15,750,406		16,480,526		20,221,375		\$ 24,094,101
	3,624,442		4,003,239		4,732,542		4,674,340		5,963,106		7,251,665
	35,319,591		35,854,643		39,113,647		39,130,576		34,705,255		32,484,226
	419,464		470,584		416,634		165,473		88,006		1,652,709
	2,087,837		1,250,706		2,324,073		781,764		842,647		1,482,263
	-		-		-		(308,988)		(134,551)		(231,289)
	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>(882,500)</u>
	<u>54,419,908</u>		<u>55,938,681</u>		<u>62,337,302</u>		<u>60,923,691</u>		<u>61,685,838</u>		<u>65,851,175</u>
\$	<u>8,603,170</u>	\$	<u>(11,933,276)</u>	\$	<u>(11,624,173)</u>	\$	<u>3,252,005</u>	\$	<u>4,474,737</u>	\$	<u>(553,628)</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	450,000	443,574	250,000	2,876,509
Other Comitted	3,057,211	3,968,856	1,958,657	884,602
Assigned	-	-	-	-
Unassigned	<u>10,214,448</u>	<u>10,443,865</u>	<u>12,595,343</u>	<u>11,285,985</u>
Total general fund	<u>13,721,659</u>	<u>14,856,295</u>	<u>14,804,000</u>	<u>15,047,096</u>
All Other Governmental Funds				
Restricted:				
Federal/State Grant Reestrictions	955,554	929,401	699,045	847,719
Capital Acquisition & Contractual Obligations	-	59,062,983	27,189,772	5,591,743
Retirement of Long-Term Debt	2,900,295	4,414,486	4,742,964	5,128,158
Other Restrictions of Fund Balance	130,600	114,541	132,619	131,209
Committed	-	-	-	-
Other Comitted	<u>104,018</u>	<u>302,700</u>	<u>366,797</u>	<u>243,714</u>
Total all other governmental funds	<u>4,090,467</u>	<u>64,824,111</u>	<u>33,131,197</u>	<u>11,942,543</u>
Total Governmental Funds	<u>\$ 17,812,126</u>	<u>\$ 79,680,406</u>	<u>\$ 47,935,197</u>	<u>\$ 26,989,639</u>

Source of Information: Lockhart Independent School District Fianacial Statements.

TABLE 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ -	\$ -	\$ -	\$ -	\$ 207,753	\$ 259,448
2,523,133	3,000,000	4,990,240	4,390,396	4,093,261	4,012,381
83,443	200,579	634,525	181,093	108,843	11,542
-	-	-	-	570,081	710,349
<u>13,285,802</u>	<u>13,756,220</u>	<u>14,408,839</u>	<u>19,924,719</u>	<u>19,826,771</u>	<u>18,959,806</u>
<u>15,892,378</u>	<u>16,956,799</u>	<u>20,033,604</u>	<u>24,496,208</u>	<u>24,806,709</u>	<u>23,953,526</u>
560,172	859,443	1,440,037	1,853,804	3,385,417	3,052,271
2,971,968	38,000	249	-	-	69,457,877
5,329,582	6,215,064	5,371,314	6,278,970	6,536,927	9,695,841
66,403	65,851	66,656	63,735	-	-
-	-	-	-	84,335	75,476
<u>243,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,171,839</u>	<u>7,178,358</u>	<u>6,878,256</u>	<u>8,196,509</u>	<u>10,006,679</u>	<u>82,281,465</u>
<u>\$ 25,064,217</u>	<u>\$ 24,135,157</u>	<u>\$ 26,911,860</u>	<u>\$ 32,692,717</u>	<u>\$ 34,813,388</u>	<u>\$ 106,234,991</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017
Local and intermediate sources	\$ 14,291,556	\$ 17,234,011	\$ 16,949,450	\$ 17,490,384
State programs revenues	28,443,277	30,900,874	32,808,846	34,491,663
Federal programs revenues	<u>5,755,422</u>	<u>5,937,792</u>	<u>5,873,926</u>	<u>6,453,507</u>
Total Revenues	<u>48,490,255</u>	<u>54,072,677</u>	<u>55,632,222</u>	<u>58,435,554</u>
Expenditures by Function				
Instruction	\$ 23,445,216	\$ 25,667,253	\$ 26,780,411	\$ 28,345,147
Instruction resources and media services	633,048	663,121	655,513	733,010
Curriculum and staff development	197,151	345,826	406,470	607,013
Instructional leadership	590,290	706,572	674,258	645,743
School leadership	2,717,540	2,645,294	2,931,898	3,003,332
Guidance, counseling and evaluation services	1,645,427	1,713,426	1,759,956	1,721,684
Social work services	106,826	108,887	112,675	152,474
Health services	403,663	430,143	425,064	428,546
Student transportation	2,324,435	2,231,062	1,945,251	2,087,285
Food service	3,037,036	3,146,880	3,496,246	3,493,029
Extracurricular activities	1,349,234	1,341,518	1,342,195	1,550,541
General administration	1,534,712	2,194,922	1,870,799	1,852,902
Facilities maintenance and operations	4,091,958	4,343,568	4,723,583	4,572,146
Security and monitoring services	234,154	115,895	231,551	357,073
Data processing services	227,956	185,360	311,674	405,229
Community services	14,398	10,043	6,532	44,573
Debt service - principal on long-term debt	1,920,000	2,050,000	2,090,000	2,360,000
Debt service - interest on long-term debt	864,731	1,869,963	3,340,304	3,277,516
Debt service - bond issuance cost and fees	5,285	730	7,455	6,050
Facilities acquisition and construction	359,240	5,748,711	33,051,734	22,510,695
Payments related to shared services arrangement	754,017	848,986	847,369	784,554
Other intergovernmental charges	<u>287,287</u>	<u>287,784</u>	<u>328,103</u>	<u>319,083</u>
Total Expenditures by Function	<u>46,743,604</u>	<u>56,655,944</u>	<u>87,339,041</u>	<u>79,257,625</u>
Excess of Revenues Over (Under) Expenditures	1,746,651	(2,583,267)	(31,706,819)	(20,822,071)
Other Financing Sources (Uses)				
Capital-Related Debt Issued (Regular Bonds)	-	58,500,000	-	-
Sale of Real or Personal Property	-	14,964	29,944	4,432
Issuance of Non-Current Debt	-	-	-	-
Premium/discount on issuance of bond	-	6,084,182	-	-
Transfers in	600,566	462,087	460,855	460,843
Prepaid Interest	-	-	8,392	-
Other Resources	475	-	-	-
Transfers out	(822,990)	(609,689)	(537,759)	(588,357)
Payment to bond refunding escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>(221,949)</u>	<u>64,451,544</u>	<u>(38,568)</u>	<u>(123,082)</u>
Special/Extraordinary Items	-	-	-	-
Net change in fund balances	\$ <u>1,524,702</u>	\$ <u>61,868,277</u>	\$ <u>(31,745,387)</u>	\$ <u>(20,945,153)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.01%	7.70%	10.02%	9.95%

TABLE 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 18,911,795	\$ 20,622,294	\$ 23,221,069	\$ 24,348,824	\$ 27,759,173	\$ 36,790,760
38,195,236	36,561,469	39,867,292	40,747,560	37,846,573	35,842,652
<u>6,176,118</u>	<u>7,729,110</u>	<u>9,232,999</u>	<u>12,803,884</u>	<u>14,793,942</u>	<u>13,870,804</u>
<u>63,283,149</u>	<u>64,912,873</u>	<u>72,321,360</u>	<u>77,900,268</u>	<u>80,399,688</u>	<u>86,504,216</u>
\$ 30,118,736	\$ 31,126,847	\$ 33,795,414	\$ 37,403,274	\$ 40,513,556	\$ 42,315,344
693,801	660,282	614,035	605,402	658,187	711,463
833,457	838,393	771,121	707,095	1,175,236	1,524,373
766,110	834,793	786,318	803,071	1,011,264	1,260,629
2,948,861	2,882,084	3,062,329	3,163,393	3,290,422	3,480,704
1,812,175	1,952,746	2,375,924	2,410,369	2,991,061	2,894,630
170,377	170,257	184,306	199,703	182,834	393,904
468,529	490,533	576,691	523,832	546,514	623,228
2,580,065	3,556,143	2,878,074	3,082,802	3,185,371	3,727,332
3,637,969	3,700,107	4,141,369	3,472,243	4,034,960	5,283,454
1,414,720	1,564,210	1,718,237	1,456,700	1,648,015	1,817,775
2,115,839	2,369,893	2,252,830	2,346,593	2,653,024	2,817,352
4,712,063	5,098,054	5,148,052	5,334,194	5,642,285	5,848,111
257,415	333,231	292,324	347,769	401,054	426,790
493,317	583,329	770,476	885,110	1,191,736	1,211,264
17,986	35,023	40,698	25,917	193,160	620,603
1,888,863	2,849,725	2,646,030	62,132,295	4,024,830	3,337,903
3,818,513	3,846,521	3,127,878	2,147,642	1,643,699	1,507,240
55,351	6,177	15,633	224,637	6,345	682,721
9,312,654	1,678,738	902,244	2,614,908	1,071,188	2,558,276
782,590	847,498	1,420,482	1,438,819	1,600,422	1,731,498
<u>328,694</u>	<u>339,437</u>	<u>374,024</u>	<u>365,283</u>	<u>479,303</u>	<u>596,901</u>
<u>69,228,085</u>	<u>65,764,021</u>	<u>67,894,490</u>	<u>131,691,051</u>	<u>78,144,466</u>	<u>85,371,495</u>
(5,944,936)	(851,148)	4,426,870	(53,790,783)	2,255,222	1,132,721
-	-	-	52,999,961	-	69,805,000
705,765	463	94,178	5,667	-	-
3,670,000	-	-	-	-	59,022
-	-	-	6,874,990	-	1,872,986
525,496	546,472	525,542	366,274	215,619	-
-	-	-	-	-	-
-	-	-	-	-	-
(623,422)	(624,846)	(835,816)	(675,262)	(350,170)	(565,626)
<u>(494,721)</u>	<u>-</u>	<u>(1,435,217)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,783,118</u>	<u>(77,911)</u>	<u>(1,651,313)</u>	<u>59,571,630</u>	<u>(134,551)</u>	<u>71,171,382</u>
-	-	-	-	-	(882,500)
\$ (2,161,818)	\$ (929,059)	\$ 2,775,557	\$ 5,780,847	\$ 2,120,671	\$ 71,421,603
9.62%	10.46%	8.64%	49.97%	7.36%	6.68%

LOCKHART INDEPENDENT SCHOOL DISTRICT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

		C		D		E		F
(Tax) Calendar Year	Fiscal Year End	Residential Property		Commercial Property		Industrial Property		Other Property
2012	2013	\$ 465,288,836		\$ 97,168,686		\$ 70,024,320		\$ 446,868,718
2013	2014	466,518,213		101,736,475		71,068,480		336,881,135
2014	2015	460,649,870		104,122,828		79,549,780		339,809,316
2015	2016	453,305,400		108,683,415		75,737,390		310,384,293
2016	2017	469,393,839		111,598,571		81,376,230		358,839,069
2017	2018	519,864,266		128,595,445		81,405,700		405,054,221
2018	2019	618,825,726		143,216,332		81,514,490		426,437,424
2019	2020	649,042,050		153,678,918		81,422,170		643,309,653
2020	2021	737,976,501		176,223,241		87,604,070		705,665,940
2021	2022	877,423,474		184,886,495		137,549,113		869,546,833
2022	2023	1,089,460,602		242,863,698		172,403,233		1,135,157,311

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TABLE 5

G	H	I	J	Taxable Assessed Value as a Percentage of Actual Taxable Value
Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	
\$ 83,789,050	\$ 995,561,510	1.1868	\$ 915,664,816	108.726%
87,401,039	1,063,605,342	1.1795	953,331,094	111.567%
110,607,020	1,094,738,814	1.4291	978,567,198	111.872%
112,794,291	1,060,904,789	1.3305	958,658,962	110.666%
114,148,288	1,135,355,997	1.3324	1,013,351,519	112.040%
140,014,811	1,274,934,443	1.3324	1,133,521,437	112.476%
144,298,796	1,414,292,768	1.3324	1,253,285,112	112.847%
150,247,737	1,677,700,528	1.2624	1,481,556,050	113.239%
165,601,723	1,873,071,475	1.1671	1,644,372,424	113.908%
169,517,795	1,899,888,120	1.1297	1,966,448,871	96.615%
227,632,566	2,412,252,278	1.1123	2,569,745,407	93.871%

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LOCKHART INDEPENDENT SCHOOL DISTRICT

TABLE 6

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

(Tax) Calendar Year	Fiscal Year	District Direct Tax Rates			Overlapping Rates	
		General Purposes	Capital Purposes	Total	Caldwell County	City of Lockhart
2012	2013	1.0400	0.1468	1.1868	0.6907	0.7227
2013	2014	1.0400	0.1395	1.1795	0.6906	0.7227
2014	2015	1.0400	0.3891	1.4291	0.6905	0.7227
2015	2016	1.0400	0.2905	1.3305	0.7174	0.7333
2016	2017	1.0400	0.2924	1.3324	0.7752	0.7333
2017	2018	1.0400	0.2924	1.3324	0.7752	0.7260
2018	2019	1.0400	0.2924	1.3324	0.7752	0.7107
2019	2020	0.9700	0.2924	1.2624	0.7430	0.6842
2020	2021	0.9094	0.2577	1.1671	0.7053	0.6354
2021	2022	0.8720	0.2577	1.1297	0.6718	0.6354
2022	2023	0.8546	0.2577	1.1123	0.5531	0.6006

SOURCE: CALDWELL COUNTY APPRAISAL DISTRICT AND DISTRICT RECORDS

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LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2023		
	Taxable Value	Rank	Percentage of Total Taxable Value
Permian Highway Pipeline	\$ 76,097,250	1	4.63%
Lcra Transmission Srvcs Corp	43,066,260	2	2.62%
Fhr Corpus Christi, Llc	22,005,430	3	1.34%
Economy Realty Ltd	10,773,590	4	0.66%
Union Pacific Railroad Co	10,562,190	5	0.64%
Wal-Mart Stores Texas Lp	10,227,905	6	0.62%
Pilot-Legacy Stanton LLC	10,213,068	7	0.62%
The Turner Company	9,820,000	8	0.60%
Blackjack Block I LLC	9,717,930	9	0.59%
Bluebonnet Electric Coop Inc	9,046,890	10	0.55%
Flint Hills Resources Lp (Tpl)			
TJ Lambert Construction			
TJ Lambrecht Construction			
Dormae Products, Inc			
Lockhart DMA Housing LLC			
Southwestern Bell Telephone			
Total	<u>\$ 211,530,513</u>		<u>12.86%</u>

SOURCE: CALDWELL COUNTY APPRAISAL DISTRICT, TEXAS MUNICIPAL REPORTS, AND DISTRICT RECORDS

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2014		
Taxable Value	Rank	Percentage of Total Taxable Value
\$ 26,250,930	2	2.70%
6,561,300	5	0.67%
4,682,430	6	0.48%
4,566,920	7	0.47%
45,629,140	1	4.69%
9,350,850	3	0.96%
7,407,220	4	0.76%
4,357,500	8	0.45%
3,982,460	9	0.41%
3,699,770	10	0.38%
<u>\$ 116,488,520</u>		<u>11.97%</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied During Fiscal Year	Current Collections		Collections In Subsequent Years	Tax Collections to Date	
		Collected Within the Fiscal Year of the Levy			Amount	Percentage of Levy
		Amount	Percentage of Levy			
2014	\$ 12,229,727	\$ 11,598,971	94.84%	\$ 528,605	\$ 12,127,576	99.16%
2015	15,088,278	14,240,485	94.38%	722,733	14,963,218	99.17%
2016	13,979,276	13,288,416	95.06%	562,396	13,850,812	99.08%
2017	14,659,842	13,974,566	95.33%	492,957	14,467,523	98.69%
2018	16,399,512	15,653,418	95.45%	584,989	16,238,407	99.02%
2019	18,122,539	17,272,203	95.31%	681,745	17,953,948	99.07%
2020	20,301,002	19,277,367	94.96%	884,555	20,161,922	99.31%
2021	20,925,978	20,008,116	95.61%	472,247	20,480,363	97.87%
2022	24,181,481	23,098,908	95.52%	521,893	23,620,801	97.68%
2023	31,092,500	29,329,318	94.33%	-	29,329,318	94.33%

SOURCE: CALDWELL COUNTY APPRAISAL DISTRICT, DISTRICT RECORDS

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LOCKHART INDEPENDENT SCHOOL DISTRICT

TABLE 9

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds/ Tax Notes	Financing Arrangements	Total Debt	Debt Per Capita	Debt As a Percent of Personal Income	Per Capita Personal Income	Population
2014	\$ 18,625,635	\$ -	\$ 18,625,635	\$ 758	2.52%	\$ 29,999	27,098
2015	81,087,858	-	81,087,858	2,828	9.03%	31,229	28,676
2016	74,344,988	-	74,344,988	2,468	7.84%	31,504	29,942
2017	75,212,628	-	75,212,628	2,285	7.12%	32,209	31,281
2018	80,842,487	-	80,842,487	2,285	6.79%	33,073	31,364
2019	72,325,000	-	72,325,000	2,253	6.69%	34,617	32,099
2020	63,068,687	-	63,068,687	1,955	6.05%	34,617	32,261
2021	65,954,961	34,958	65,989,919	1,924	5.56%	34,617	34,276
2022	68,327,465	23,202	68,350,667	2,058	5.31%	38,734	33,193
2023	136,415,895	51,006	136,466,901	4,110	10.61%	38,734	33,193

SOURCE: District Records and Bureau of Economic Analysis

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RATIOS OF DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds (Note 1)	Less Amounts Restricted for Debt Service	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Debt As a Percent of Personal Income	Bonded Debt Per Capita
2014	\$ 19,283,555	\$ 2,900,295	\$ 16,383,260	1.79%	2.02%	605
2015	81,087,858	4,414,486	76,673,372	8.04%	8.56%	2,674
2016	74,344,988	4,742,964	69,602,024	7.11%	7.38%	2,325
2017	75,212,628	5,128,158	70,084,470	7.31%	6.96%	2,240
2018	80,842,487	5,329,582	75,512,905	7.45%	7.28%	2,408
2019	72,325,000	6,215,064	66,109,936	5.83%	5.81%	2,010
2020	68,440,000	5,371,314	63,068,686	5.03%	5.65%	1,955
2021	70,940,521	6,278,970	64,661,551	4.36%	5.45%	1,886
2022	68,327,465	6,536,927	61,790,538	3.76%	4.81%	1,862
2023	136,415,895	10,656,717	125,759,178	6.40%	9.78%	3,789

Note 1: General Obligations includes Maintenance Tax Notes

SOURCES: BUREAU OF ECONOMIC ANALYSIS, U.S. DEPARTMENT OF COMMERCE, DISTRICT RECORDS

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LOCKHART INDEPENDENT SCHOOL DISTRICT

TABLE 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Debt Outstanding	Estimated Percentage	Estimated Share of Direct and Overlapping Debt
Caldwell County	\$ 15,270,000	68.43%	\$ 10,449,261
City of Lockhart	22,170,000	100.00%	22,170,000
Mustang Ridge, City of	342,000	19.23%	65,767
			<u>\$ 32,685,028</u>
Lockhart ISD (See Note 1)	136,466,901	100.00%	<u>\$ 136,466,901</u>
Total Direct and Overlapping Debt			<u>\$ 169,151,929</u>
Total Direct and Overlapping Debt % of Assessed Value:			8.90%
Total Direct and Overlapping Debt per capita:			\$ 3,846

Note 1: Debt outstanding includes General Obligation Debt and a Maintenance Tax Note

SOURCE: Texas Municipal Report

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LOCKHART INDEPENDENT SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2014	2015	2016	2017
Debt Limit - 7% of assessed valuation	\$ 72,579,980	\$ 79,382,147	\$ 73,547,487	\$ 77,020,398
Applicable Debt	<u>18,968,029</u>	<u>73,902,781</u>	<u>69,754,893</u>	<u>70,237,870</u>
Legal Debt Margin	\$ 53,611,951	\$ 5,479,366	\$ 3,792,594	\$ 6,782,528
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	26.13%	93.10%	94.84%	91.19%

Legal Debt Margin Calculation for the Current Fiscal Year:

Taxable Assessed Valuation
 Debt Limit (7% of Assessed Value)
 Debt Applicable to Limit:
 General Obligation Bonds
 Less: Amount Set Aside for Repayment of
 General Obligation Debt
 Total Net Debt Applicable to Limit

Legal Debt Margin

SOURCE: TEXAS MUNICIPAL REPORTS, DISTRICT RECORDS

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2018	2019	2020	2021	2022
\$ 86,160,335	\$ 87,729,958	\$ 103,708,924	\$ 115,106,070	\$ 137,651,421
<u>75,501,747</u>	<u>66,300,522</u>	<u>63,068,687</u>	<u>64,661,551</u>	<u>60,818,166</u>
\$ 10,658,588	\$ 21,429,436	\$ 40,640,236	\$ 50,444,519	\$ 76,833,255
87.63%	75.57%	60.81%	56.18%	44.18%

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LOCKHART INDEPENDENT SCHOOL DISTRICT

TABLE 13

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

Calendar Year	County Population	Personal Income (Thousands of Dollars)	Per Capita Personal Income	Unemployment Rate
2014	\$ 39,703	\$ 1,191,045	\$ 29,999	6.0%
2015	40,419	1,262,255	31,229	4.5%
2016	41,147	1,296,294	31,504	4.2%
2017	42,328	1,363,360	32,209	4.3%
2018	43,161	1,427,474	33,073	3.8%
2019	43,664	1,511,526	34,617	3.8%
2020	43,664	1,511,526	34,617	6.8%
2021	43,664	1,511,526	34,617	5.3%
2022	43,979	1,703,464	38,734	4.0%
2023	46,791	1,948,493	41,642	3.5%

SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS, TEXAS LMI TRACER, US CENSUS BUREAU

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LOCKHART INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2023		
	Number of Employees	Rank	Percentage of Total Employment
Lockhart ISD	731	1	3.4%
Wal-Mart	225	2	1.1%
Serta Dormae Mnfg	180	3	0.8%
Management and Training Corporation	175	4	0.8%
H.E.B. Food Store	170	5	0.8%
Pegasus	149	6	0.7%
City of Lockhart	145	7	0.7%
Iron Ox	100	8	0.5%
Student Transportation Specialist	85	9	0.4%
Parkview Nursing & Rehabilitation Center(Golden Age Home)	80	10	0.4%
The GEO Group, Inc.			
Chrisholm Trail Rehab Center			
Livengood Feed			
	<u>2040</u>		<u>9.6%</u>

Source: City of Lockhart Economic Development District

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TABLE 14

2014		
<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
630	1	36.4%
125	5	7.2%
174	3	10.0%
160	4	9.2%
90	7	5.2%
88	8	5.1%
110	6	6.4%
234	2	13.5%
60	9	3.5%
60	10	3.5%
<u>1731</u>		<u>100.0%</u>

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LOCKHART INDEPENDENT SCHOOL DISTRICT

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Teachers</u>					
Teacher	325.6	335.0	352.2	348.4	354.8
<u>Professional Support</u>					
Counselor	12.0	13.1	13.0	13.5	14.0
Educational Diagnostician	6.0	6.0	6.0	6.0	6.0
Librarian	8.0	7.9	7.0	7.0	6.0
Occupational Therapist	-	-	-	-	-
Physical Therapist	-	-	-	-	-
School Nurse	2.0	2.0	2.0	2.0	2.0
LSSP/Psychologist	2.0	3.0	2.0	2.0	1.0
Social Worker	1.0	1.0	-	-	-
Speech Ther./Sp. Lang.					
Pathologist	3.0	2.0	4.0	4.5	8.5
Work-Based Learning Site Coord.	0.3	-	-	-	-
Teacher Facilitator	0.9	-	-	-	-
Athletic Trainer	1.7	-	-	-	-
District/Campus Inform.					
Technology	4.0	2.9	1.4	-	20.2
Food Services Professional	-	1.9	1.7	2.5	2.5
Athletics (Other than Athletic					
Director)	-	4.0	6.0	6.0	6.0
Maintenance	1.0	1.0	1.0	-	0.9
Business Services Professional					3.0
Campus Professional Personnel	4.6	6.1	2.6	2.3	3.4
Non-Instructional Professionals	4.5	5.4	7.4	10.7	10.0
Other Professionals	-	-	-	-	6.0
Instructional Coach	-	-	-	-	-
<u>Campus Administration</u>					
Assistant/Associate Principal	12.0	11.0	12.0	12.0	13.0
Principal	8.5	8.5	8.5	10.0	8.4
<u>Central Administration</u>					
Assistant/Assoc/Deputy Supt	3.0	3.0	3.0	3.0	3.0
Business Manager	-	-	-	-	1.0
District Instructional Program					
Director	3.0	3.0	4.0	3.0	3.0
Superintendent	1.0	1.0	1.0	1.0	1.0
Communications Professional	-	-	-	1.0	1.0
Athletic Director	1.0	1.0	1.0	1.0	1.0
Director of Personnel/HR	-	-	-	-	1.0
<u>Educational Aides</u>					
Educational Aide	48.3	50.7	47.6	41.9	42.6
Auxiliary Staff	<u>174.3</u>	<u>167.8</u>	<u>170.4</u>	<u>168.0</u>	<u>157.0</u>
<u>Total</u>	<u>627.7</u>	<u>637.3</u>	<u>653.8</u>	<u>645.8</u>	<u>676.3</u>

Source: District internal records

TABLE 15

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
372.0	376.3	385.2	405.9	405.4
13.3	14.0	15.0	15.9	15.0
5.5	7.0	6.0	8.0	6.0
7.0	6.2	7.0	6.3	6.4
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0
2.0	2.0	1.0	2.0	3.7
1.0	2.0	4.0	2.0	3.8
-	-	-	-	2.9
8.5	10.4	10.0	11.0	9.0
-	-	-	-	-
5.5	10.4	15.7	9.7	7.6
2.5	2.4	2.3	2.3	2.4
6.0	6.0	6.0	6.0	6.0
-	-	-	-	1.0
-	-	-	-	0.3
1.0	1.0	1.0	1.0	1.0
3.0	3.0	3.0	3.0	3.0
3.4	7.4	16.0	20.9	25.0
10.0	-	-	-	-
11.6	24.3	22.0	15.9	21.9
-	-	-	9.0	9.0
11.0	13.0	13.0	12.0	12.4
9.0	8.3	9.0	9.0	8.5
3.0	3.0	3.0	3.0	2.0
1.0	1.0	1.0	1.0	1.0
3.0	2.7	3.0	3.0	3.0
1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	2.0	1.0
1.0	1.0	1.0	0.9	1.0
1.0	1.0	1.0	1.0	1.0
42.8	55.2	64.6	76.7	80.3
<u>141.1</u>	<u>139.6</u>	<u>136.4</u>	<u>140.2</u>	<u>150.4</u>
<u>669.2</u>	<u>701.2</u>	<u>730.2</u>	<u>770.7</u>	<u>793.0</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percent Change</u>	<u>Total Expenses</u>	<u>Cost Per Pupil</u>
2014	5,130	\$ 36,738,610	\$ 7,162	-1.6%	\$ 46,743,604	\$ 9,112
2015	5,365	39,141,500	7,296	1.9%	56,643,219	10,558
2016	5,397	41,769,915	7,739	6.1%	87,339,041	16,183
2017	5,661	43,771,695	7,732	-0.1%	79,257,625	14,001
2018	5,925	48,296,959	8,151	5.4%	71,288,387	12,032
2019	6,123	47,306,104	7,726	-5.2%	65,764,021	10,740
2020	6,160	51,998,413	8,441	9.3%	70,165,523	11,391
2021	6,043	52,019,435	8,608	2.0%	71,491,051	11,830
2022	6,128	55,582,798	9,070	5.4%	74,259,209	12,118
2023	6,443	60,478,109	9,387	3.5%	85,177,648	13,220

SOURCE: AEIS REPORTS, TAPR REPORTS AND DISTRICT PEIMS REPORTS

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TABLE 16

<u>Percent Change</u>	<u>Number of Teaching Staff</u>	<u>Pupil Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced Price Meals</u>
-1.5%	326	15.8	69.8%
15.9%	335	16.0	70.1%
53.3%	352	15.3	70.0%
-13.5%	348	16.2	68.2%
-14.1%	355	16.7	72.1%
-10.7%	372	16.5	71.8%
6.1%	376	16.4	70.8%
3.9%	385	15.7	77.7%
2.4%	406	15.1	77.4%
9.1%	405	15.9	73.0%

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LOCKHART INDEPENDENT SCHOOL DISTRICT

TABLE 17

TEACHER BASE SALARIES

LAST TEN FISCAL YEARS

Fiscal Year	Minimum Salary	Maximum Salary	County Average Salary	Statewide Average Salary
2014	\$ 43,950	\$ 62,550	\$ 46,295	\$ 49,692
2015	45,200	64,170	46,240	50,715
2016	45,500	60,010	46,242	51,891
2017	46,500	60,820	46,583	52,525
2018	47,000	61,110	47,056	53,334
2019	47,500	61,330	46,622	54,122
2020	49,000	63,630	49,110	57,091
2021	49,000	63,630	49,110	57,091
2022	50,600	65,320	50,277	57,641
2023	51,500	68,525	52,548	58,887

SOURCES: AEIS REPORTS, DISTRICT RECORDS, TEXAS EDUCATION AGENCY RECORDS

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LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

	Year Built	2014	2015	2016
School Elementary				
Carver Early Childhood Education Center	1953			
Square Feet		52,578	52,578	52,578
Functional Capacity		512	512	352
Enrollment		494	475	460
Clear Fork Elementary	1953			
Square Feet		57,113	57,113	57,113
Functional Capacity		489	489	674
Enrollment		502	585	575
Plum Creek Elementary	1986			
Square Feet		67,233	67,233	67,233
Functional Capacity		512	512	700
Enrollment		552	547	557
Navarro Elementary	1972			
Square Feet		55,573	55,573	55,573
Functional Capacity		449	449	562
Enrollment		439	484	497
Bluebonnet Elementary	2005			
Square Feet		64,992	64,992	64,992
Functional Capacity		606	606	694
Enrollment		609	625	640
Alma Brewer Strawn Elementary	2016			
Square Feet		N/A	N/A	N/A
Functional Capacity		N/A	N/A	N/A
Enrollment		N/A	N/A	N/A
School Secondary				
Lockhart Junior High School	2000			
Square Feet		152,105	152,105	152,105
Functional Capacity		1,700	1,700	1,550
Enrollment		1,101	1,173	1,148
Lockhart High School	1965			
Square Feet		175,180	175,180	175,180
Functional Capacity		1,480	1,480	1,900
Enrollment		1,005	1,070	1,086
School Alternative				
Pride High School	1992			
Square Feet		10,647	10,647	10,647
Functional Capacity		160	160	160
Enrollment		23	24	15
Discipline Management Center	1997			
Square Feet		8,088	8,088	8,088
Functional Capacity		46	46	46
Enrollment		n/a	n/a	n/a

TABLE 18

2017	2018	2019	2020	2021	2022	2023
52,578	52,578	52,578	52,578	52,578	52,578	52,578
352	352	337	337	337	337	337
212	251	329	336	248	240	308
57,113	57,113	57,113	57,113	57,113	57,113	57,113
674	674	475	475	475	475	475
488	475	450	443	442	477	517
67,233	67,233	67,233	67,233	67,233	67,233	67,233
700	700	653	653	653	653	653
550	578	574	560	513	518	503
55,573	55,573	55,573	55,573	55,573	55,573	55,573
562	562	554	554	554	554	554
457	532	518	504	519	529	580
64,992	64,992	64,992	64,992	64,992	64,992	64,992
694	694	614	614	614	614	614
663	579	572	545	538	555	550
58,216	58,216	58,216	58,216	58,216	58,216	58,216
579	579	535	535	535	535	535
454	503	498	494	491	514	523
152,105	152,105	152,105	152,105	152,105	152,105	152,105
1,550	1,550	1,560	1,560	1,560	1,560	1,560
1,292	1,393	1,491	1,529	1,484	1,385	1,433
280,000	280,000	280,000	280,000	280,000	280,000	280,000
1,900	1,900	1,834	1,834	1,834	1,834	1,834
1,523	1,567	1,642	1,690	1,752	1,862	1,968
10,647	10,647	10,647	10,647	10,647	10,647	10,647
160	160	140	140	140	140	140
22	47	49	59	56	48	61
8,088	8,088	8,088	8,088	8,088	8,088	8,088
46	46	46	46	46	46	46
n/a	n/a	n/a	n/a	n/a	n/a	n/a

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

	Year Built	2014	2015	2016
School (not included in ACFR) Support				
Lockhart HS Freshman Campus/ML Cisneros Bldg.	1923			
Square Feet		71,057	71,057	71,057
Functional Capacity		487	487	487
Enrollment		405	382	419
Community Education (520 Pecos St)	1996			
Square Feet		3,298	3,298	3,298
Functional Capacity		n/a	n/a	n/a
Enrollment		n/a	n/a	n/a
Spec. Ed./Food Service	1956			
Square Feet		2,946	2,946	2,946
Functional Capacity		n/a	n/a	n/a
Enrollment		n/a	n/a	n/a
Administration Office	1993			
Square Feet		5,022	5,022	5,022
Functional Capacity		n/a	n/a	n/a
Enrollment		n/a	n/a	n/a
Technology Annex	1995			
Square Feet		1532	1532	1532
Functional Capacity		n/a	n/a	n/a
Enrollment		n/a	n/a	n/a
San Jacinto Building	1980			
Square Feet		4,330	4,330	4,330
Functional Capacity		n/a	n/a	n/a
Enrollment		n/a	n/a	n/a
Maintenance				
Square Feet		7,200	7,200	7,200
Functional Capacity		n/a	n/a	n/a
Enrollment		n/a	n/a	n/a
Bus Barn				
Square Feet		6,000	6,000	6,000
Functional Capacity		n/a	n/a	n/a
Enrollment		n/a	n/a	n/a

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Note: Capacity above is Functional Capacity.

Source: TSDS PEIMS DISAGGREGATION OF PEIMS STUDENT DATA (BY CAMPUS).

TABLE 18

2017	2018	2019	2020	2021	2022	2023
71,057	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
3,298	3,298	3,298	3,298	3,298	3,298	3,298
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
2,946	2,946	2,946	2,946	2,946	2,946	2,946
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
5,022	5,022	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
1532	1532	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
4,330	4,330	4,330	4,330	4,330	4,330	4,330
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
7,200	7,200	7,200	7,200	7,200	7,200	7,200
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
6,000	6,000	6,000	6,000	6,000	6,000	6,000
n/a	n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a

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COMPLIANCE SECTION

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

Board of Trustees
Lockhart Independent School District
Lockhart, Texas

We have audited in accordance with the auditing standard 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, business-type activities, each major fund, and the aggregate remaining fund information of Lockhart Independent School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise Lockhart Independent School District's basic financial statements and have issued our report thereon dated [REDACTED], 2023.

Internal Control Over Financial Reporting

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

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

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

OFFICE LOCATIONS

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing 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.

Waco, Texas
[REDACTED], 2023

DRAFT

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees of
Lockhart Independent School District
Lockhart, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lockhart 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 Lockhart Independent School District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 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.

Waco, Texas
, 2023

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LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures	(4) Pass-through Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
Passed through the Texas Education Agency:				
School Breakfast Program (SBP)	10.553	71402201	\$ 305,051	\$ -
School Breakfast Program (SBP)	10.553	71402301	1,212,177	-
Total Assistance Listing Number 10.553			<u>1,517,228</u>	<u>-</u>
National School Lunch Program (NSLP)	10.555	71302201	630,405	-
National School Lunch Program (NSLP)	10.555	71302301	2,350,167	-
Total Passed through the Texas Education Agency			<u>4,497,800</u>	<u>-</u>
Passed through the Texas Department of Agriculture:				
NSLP - Commodities - Non-cash assistance	10.555	NT4XL1YGLGC5	264,465	-
Total Assistance Listing Number 10.555			<u>3,245,037</u>	<u>-</u>
Total Child Nutrition Cluster			<u>4,762,265</u>	<u>-</u>
Child and Adult Care Food Program	10.558	NT4XL1YGLGC5	242,181	-
Total Passed through the Texas Department of Agriculture			<u>506,646</u>	<u>-</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>5,004,446</u>	<u>-</u>
<u>U. S. DEPARTMENT OF DEFENSE</u>				
Direct Programs:				
US Air Force JROTC	12.000	N/A	64,413	-
Total Direct Programs			<u>64,413</u>	<u>-</u>
TOTAL U. S. DEPARTMENT OF DEFENSE			<u>64,413</u>	<u>-</u>
<u>U. S. FEDERAL COMMUNICATIONS COMMISSION</u>				
Direct Programs:				
COVID-19 - Emergency Connectivity Fund	32.009	141719	599,980	-
Total Direct Programs			<u>599,980</u>	<u>-</u>
TOTAL U. S. FEDERAL COMMUNICATIONS COMMISSION			<u>599,980</u>	<u>-</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>				
Passed through the Texas Education Agency:				
Title X, Part C - Homeless Education	84.010A	2061010108902	10,380	-
Title I, Part A - Grants to Local Education Agencies	84.010A	2261010108902	381,531	-
Title I, Part A - Grants to Local Education Agencies	84.010A	2361010108902	804,743	-
Total Assistance Listing Number 84.010			<u>1,196,654</u>	<u>-</u>
IDEA B Formula - Special Education Grants to States	84.027A	66002212	1,607,433	-
COVID-19 - IDEA B Formula - Special Education Grants to States	84.027A	66002206	355,840	-
IDEA B Discretionary - Special Education Grants to States	84.027A	236610010019076000	183,104	-
Total Assistance Listing Number 84.027			<u>2,146,377</u>	<u>-</u>
IDEA Preschool - Special Education Preschool Grants	84.173A	236610010019076000	26,686	-
Total Special Education (IDEA) Cluster			<u>2,173,063</u>	<u>-</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

(1) Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(2) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures	(4) Pass-through Expenditures
<u>U. S. DEPARTMENT OF EDUCATION (Continued)</u>				
Passed through the Texas Education Agency (Continued):				
Perkins IV - Career and Technical Education	84.048A	22420006028902	59,074	-
Title III, Part A - English Language Acquisition	84.365A	22671001028902	7,009	-
Title III, Part A - English Language Acquisition	84.365A	23671001028902	<u>212,668</u>	-
Total Assistance Listing Number 84.365A			<u>219,677</u>	-
Title II, Part A - Supporting Effective Instruction State Grants	84.367A	23694501028902	178,416	-
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	23680101028902	120,030	-
COVID-19 - ESSER II	84.425D	21521001028902	752,174	-
COVID-19 - ESSER III	84.425U	21528001001907	840,323	-
COVID-19 - ESSER III TCLAS	84.425U	21528042028902	<u>1,108,952</u>	-
Total Assistance Listing Number 84.425			<u>2,701,449</u>	-
Total Passed through the Texas Education Agency			<u>6,648,363</u>	-
Passed through Education Service Center Region 13:				
ACE Grant	84.287C	S287C200044	<u>527,755</u>	-
Total Passed through Education Service Center Region 13			<u>527,755</u>	-
Passed through the University of Texas at Austin:				
Gear Up Grant	84.334A	P334A180067	299,879	-
Gear Up Grant	84.334A	P334A190067	<u>106,731</u>	-
Total Assistance Listing Number 84.334A			<u>406,610</u>	-
Total Passed through the University of Texas at Austin			<u>406,610</u>	-
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>7,582,728</u>	-
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through Texas Health and Human Services Commission:				
Medicaid Administrative Claiming Program	93.778	529-14-00472-00022	<u>16,057</u>	-
Total Medicaid Cluster			<u>16,057</u>	-
Total Passed through Texas Health and Human Services Commission			<u>16,057</u>	-
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>16,057</u>	-
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through Texas Division of Emergency Management:				
Disaster Grants - Public Assistance	97.036	PA-4485-397	<u>64,802</u>	-
Total Passed through Texas Division of Emergency Management			<u>64,802</u>	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,332,426</u>	<u>\$ -</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2023

1. GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of Lockhart Independent School 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 SEFA.

2. BASIS OF ACCOUNTING

The SEFA 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 SEFA 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 this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. INDIRECT COSTS

The District did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

4. RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following is the reconciliation of federal revenues and the Schedule of Expenditures of Federal Awards for the fiscal year:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 13,870,804
Less:	
School Health And Related Services	<u>(538,378)</u>
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	<u>\$ 13,332,426</u>

LOCKHART INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Material noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? None

Identification of major programs:

Assistance Listing Number(s):	Name of Federal Program or Cluster:
10.553 and 10.555	Child Nutrition Cluster
84.425	COVID-19 - ESSER

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

Auditee qualified as low-risk auditee? Yes

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None reported

Findings and Questioned Costs for Federal Awards

None reported

Lockhart Independent School District Board of Trustees

Date of Board Meeting:

Agenda Item:

AGENDA SECTION:

READING:

PREVIOUS BOARD REVIEW DATE:

TYPE OF ACTION:

DEPARTMENT:

DISTRICT GOAL(S) ALIGNMENT:

1. Create innovative opportunities for ALL students to prepare for success beyond graduation.
2. Every campus will have an A rating by 2028 through exemplary teaching and student-centered learning.
3. Cultivate an environment where our employees choose Lockhart Independent School District.

AGENDA TITLE:

BACKGROUND INFORMATION:

ATTACHMENT(S):

RECOMMENDATION:

RECOMMENDED MOTION:

A RESOLUTION
OF THE
LOCKHART INDEPENDENT SCHOOL DISTRICT

WHEREAS, an election was held in the LOCKHART Independent School District on the 7th day of November 2023, for the purpose of obtaining voter approval of a total tax rate that exceeds the voter approval tax rate (“VATR”) for LOCKHART ISD for the 2023-2024 school year; and

WHEREAS, it is hereby found and determined that notice of the election was duly given in the form, manner and time required by law, and said election was in all respects legally held and conducted in accordance with applicable laws of the State of Texas and the proceedings calling and governing the holding of such election; and

WHEREAS, the returns of said election have been duly and legally made and submitted to the Board of Trustees for canvassing, and a tabulation of the returns for the polling place and for early voting, as canvassed and tabulated by this governing body and shown in **Exhibit A** attached hereto, reflect that the sum of precinct totals “FOR” and “AGAINST” the measure submitted is as follows:

"Ratifying the ad valorem tax rate of \$.9569 in Lockhart ISD for the current year, a rate that will result in an increase of 2.626 percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional \$614,874."

“FOR” 2,121 votes

“AGAINST” 1,484 votes

THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE LOCKHART INDEPENDENT SCHOOL DISTRICT:

SECTION 1: All of the recitals contained herein are found to be true and are adopted as findings of fact by this governing body and as part of its judgment.

SECTION 2: It is further found and determined that the results of the election are as canvassed and tabulated as reflected in **Exhibit A** attached hereto, and, a majority of the resident qualified electors voting at said election having voted for the proposition.

SECTION 3: The Secretary of the Board of Trustees is hereby authorized and directed to make the appropriate entries of information appearing in the tabulation of precinct results in the election register maintained by the District in accordance with the provisions of Section 67.006 of the Election Code.

PASSED AND APPROVED, this the 20th day of November, 2023.

LOCKHART INDEPENDENT SCHOOL DISTRICT

President, Board of Trustees

ATTEST:

Secretary, Board of Trustees

(District Seal)

EXHIBIT A

TABULATION OF VOTES

RE: SPECIAL TAX RATIFICATION ELECTION HELD NOVEMBER 7, 2023

"Ratifying the ad valorem tax rate of \$.9569 in Lockhart ISD for the current year, a rate that will result in an increase of 2.626 percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional \$614,874."

	FOR	AGAINST
ELECTION DAY VOTING	871	742
EARLY VOTING	1,226	726
ABSENTEE	24	16
COMBINED TOTALS	2,121	1,484

Lockhart Independent School District Board of Trustees

Date of Board Meeting:

Agenda Item:

AGENDA SECTION:

READING:

PREVIOUS BOARD REVIEW DATE:

TYPE OF ACTION:

DEPARTMENT:

DISTRICT GOAL(S) ALIGNMENT:

1. Create innovative opportunities for ALL students to prepare for success beyond graduation.
2. Every campus will have an A rating by 2028 through exemplary teaching and student-centered learning.
3. Cultivate an environment where our employees choose Lockhart Independent School District.

AGENDA TITLE:

BACKGROUND INFORMATION:

ATTACHMENT(S):

RECOMMENDATION:

RECOMMENDED MOTION:

