

**ANGLETON  
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
AUGUST 31, 2023**



**8 WEST WAY COURT  
LAKE JACKSON, TEXAS 77566**

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# ANGLETON INDEPENDENT SCHOOL DISTRICT

## *Annual Financial Report For the Year Ended August 31, 2023*

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# ANGLETON INDEPENDENT SCHOOL DISTRICT

## *Annual Financial Report For the Year Ended August 31, 2023*

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## **INTRODUCTORY SECTION**

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**CERTIFICATE OF BOARD**

Angleton Independent School District

Name of School District

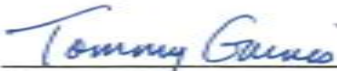
Brazoria

County

020-902

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 August 31, 2023, at a meeting of the board of trustees of such school district on the 12th day of December 2023.



Tommy Gaines  
President, Board of Trustees



Dana Tolbert  
Secretary, Board of Trustees

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

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## **FINANCIAL SECTION**

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## Independent Auditor's Report

To the Board of Trustees  
Angleton Independent School District  
Angleton, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Change in Accounting Principle***

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

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Angleton, TX 77515  
979-849-8297

**Bay City**  
2245 Avenue G  
Bay City, TX 77414  
979-245-9236



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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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, required pension schedules and required OPEB schedules on pages 15 through 24 and 79 through 87 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

***KM&L, LLC***

Lake Jackson, Texas  
December 6, 2023

# ANGLETON INDEPENDENT SCHOOL DISTRICT

## *Management's Discussion and Analysis*

*For the Year Ended August 31, 2023*

As management of the Angleton 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 August 31, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

### **Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 88,643,937 (net position). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors was \$ 2,339,161. As of August 31, 2023, the District had liabilities of \$ 21,347,908 for net pension liability and \$ 12,385,517 for net other post-employment benefits (OPEB) liability.
- The District's total net position increased \$ 12,912,964.
- At the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$ 125,677,478, an increase of \$ 57,204,380 in comparison with the prior year. Of this amount, \$ 31,361,043, or 24.95%, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 31,361,043, or approximately 41.30% of total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 26 through 27 of this report.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

### *Management's Discussion and Analysis*

*For the Year Ended August 31, 2023*

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

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District maintains twenty-two (22) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund and capital project fund, which are considered to be major funds. Data from the other nineteen (19) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The District adopts an annual appropriated budget for its general fund, food service special revenue fund, and debt service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 28 through 31 of this report.
- **Proprietary funds.** The District maintains no proprietary funds.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position that can be found on pages 32 through 33. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36 through 76 of this report.



## ANGLETON INDEPENDENT SCHOOL DISTRICT

### Management's Discussion and Analysis

For the Year Ended August 31, 2023

**Other information.** 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. Required supplementary information can be found on pages 79 through 87 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 90 through 97 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 88,643,937 as of August 31, 2023. Net position of the District's governmental activities increased from \$ 75,730,973 to \$ 88,643,937.

#### The District's Net Position

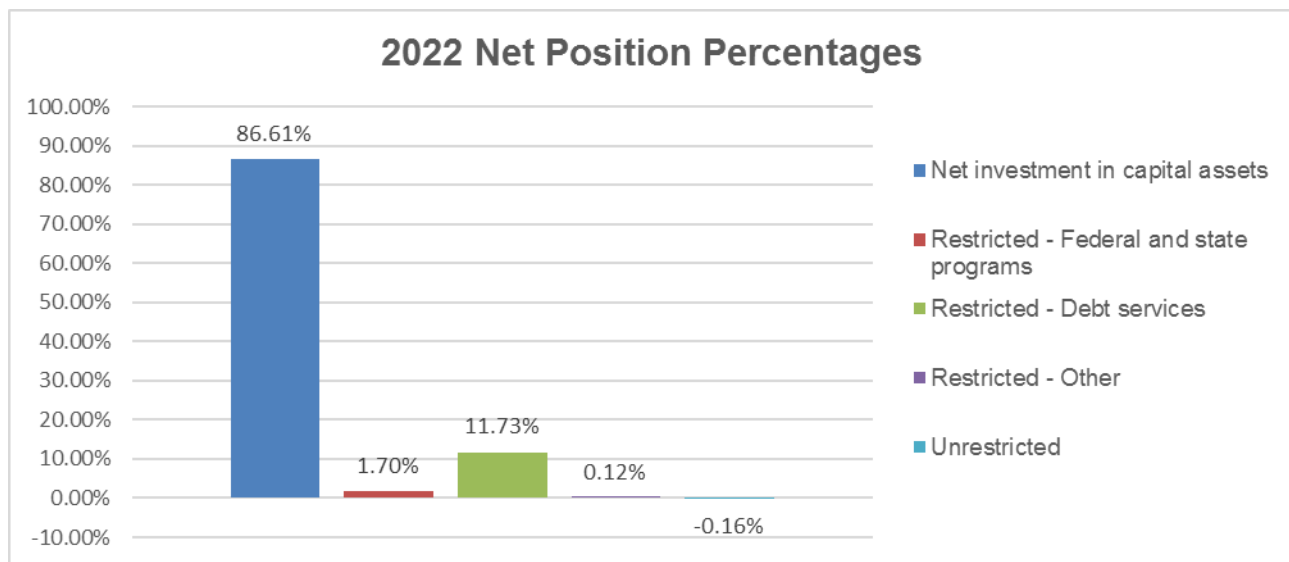
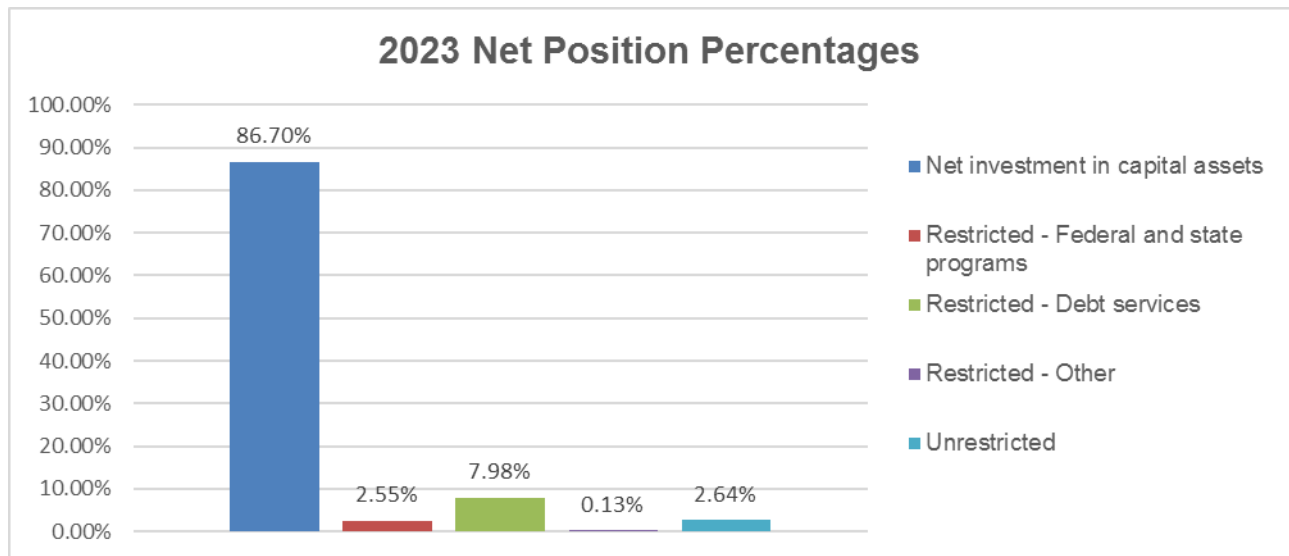
	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 134,076,518	\$ 77,772,657
Capital assets	<u>236,370,898</u>	<u>222,026,261</u>
Total assets	<u>370,447,416</u>	<u>299,798,918</u>
Total deferred outflows of resources	<u>14,013,080</u>	<u>12,204,605</u>
Liabilities:		
Other liabilities	8,047,497	8,762,016
Long-term liabilities outstanding	<u>264,610,457</u>	<u>201,860,636</u>
Total liabilities	<u>272,657,954</u>	<u>210,622,652</u>
Total deferred inflows of resources	<u>23,158,605</u>	<u>25,649,898</u>
Net Position:		
Net investment in capital assets	76,857,914	65,590,806
Restricted	9,446,862	10,265,010
Unrestricted	<u>2,339,161</u>	<u>( 124,843)</u>
Total net position	<u>\$ 88,643,937</u>	<u>\$ 75,730,973</u>

Investment in capital assets (e.g., land, buildings and improvements, furniture, equipment, vehicles, right to use leased assets, subscription based IT assets and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$ 76,857,914. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is \$ 2,339,161.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

### Management's Discussion and Analysis

For the Year Ended August 31, 2023



**Governmental activities.** The District's total net position increased by \$ 12,912,964. The total cost of all *governmental activities* this year was \$ 99,805,452. The amount that our taxpayers paid for these activities through property taxes was \$ 60,835,802 or 60.95%. The amount of costs that were paid by those who directly benefited from the programs was \$ 1,901,962 or 1.91%. The costs that were paid by other governments and organizations that subsidized certain programs with grants and contributions or by State equalization funding were \$ 16,297,698 or 16.33% and \$ 24,755,080 or 24.80%, respectively.

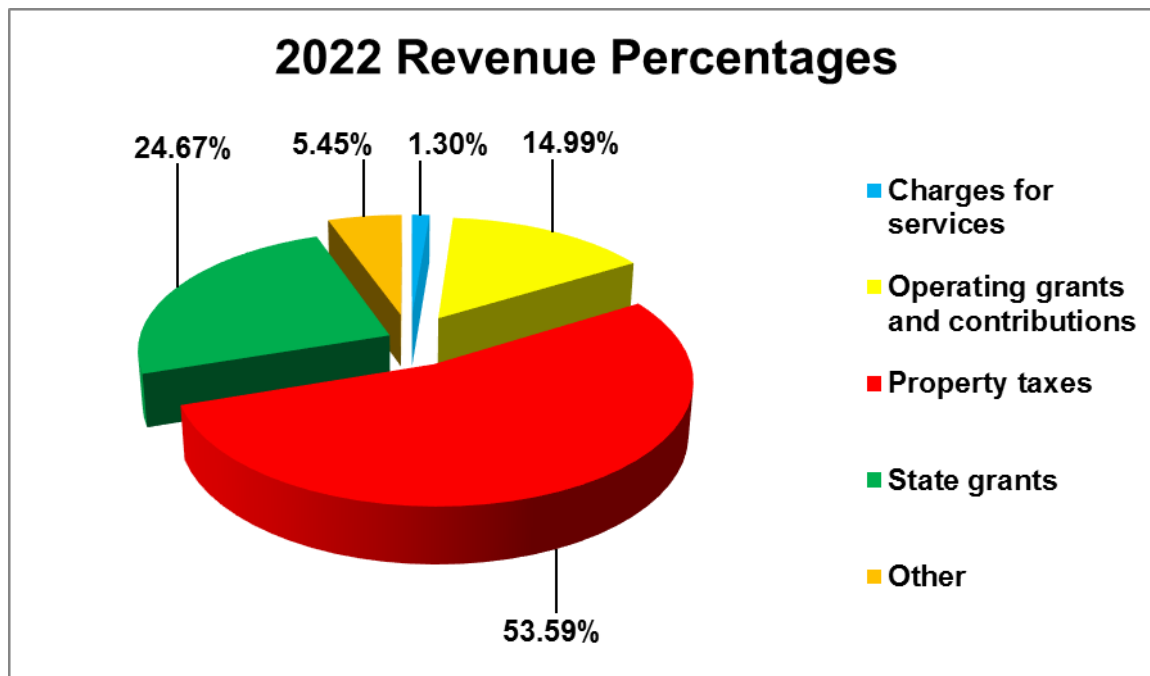
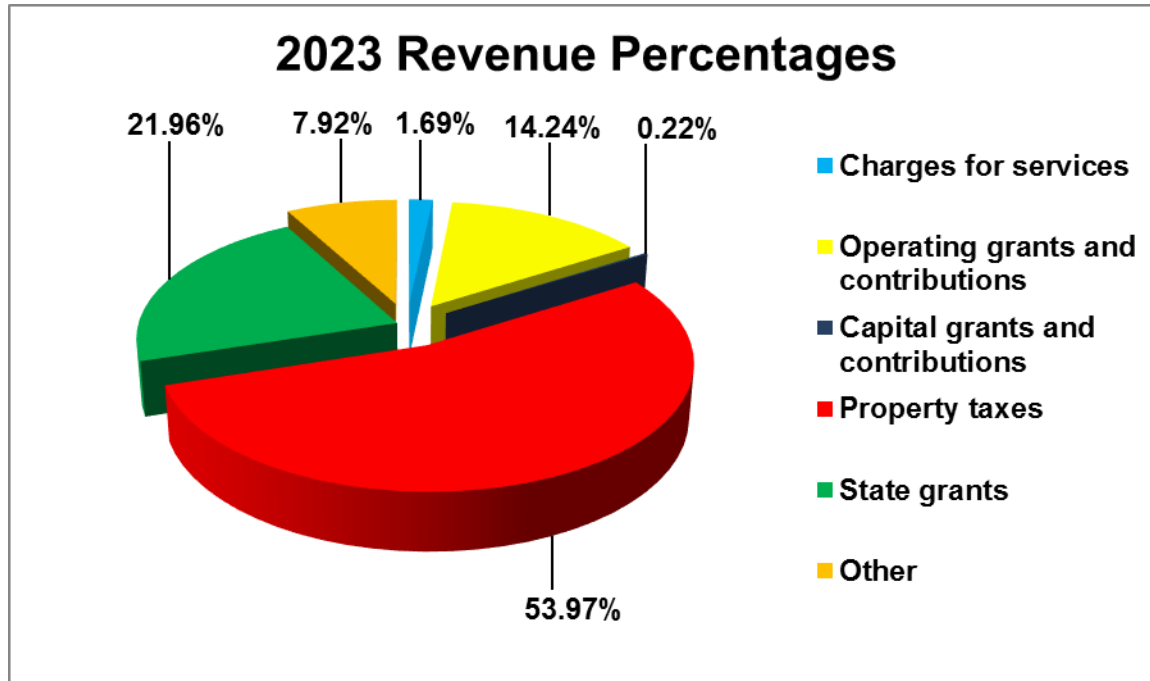
**ANGLETON INDEPENDENT SCHOOL DISTRICT***Management's Discussion and Analysis**For the Year Ended August 31, 2023***Changes in the District's Net Position**

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,901,962	\$ 1,311,436
Operating grants and contributions	16,051,005	15,114,381
Capital grants and contributions	246,693	-
General revenues:		
Property taxes	60,835,802	54,016,114
State grants	24,755,080	24,868,586
Other	<u>8,927,874</u>	<u>5,490,836</u>
Total revenues	<u>112,718,416</u>	<u>100,801,353</u>
Expenses:		
Instruction	50,828,961	46,306,423
Instructional resources & media services	941,547	929,454
Curriculum & staff development	3,020,926	2,726,934
Instructional leadership	1,385,997	1,412,208
School leadership	3,654,416	3,527,075
Guidance, counseling & evaluation services	2,845,494	2,763,790
Social work services	470,882	475,395
Health services	903,350	1,006,008
Student transportation	3,540,567	3,362,455
Food service	5,010,635	4,731,646
Extracurricular activities	2,721,628	2,403,756
General administration	2,666,031	2,420,273
Plant maintenance and operations	10,538,354	9,012,470
Security and monitoring services	2,004,364	1,356,603
Data processing services	1,745,789	1,920,061
Debt service - Interest on long-term debt	6,302,012	4,854,863
Debt service - Bond issuance costs and fees	816,774	257,481
Payments related to shared services arrangements	45,790	22,600
Payments to juvenile justice alternative education programs	-	3,500
Other governmental charges	<u>361,935</u>	<u>336,326</u>
Total expenses	<u>99,805,452</u>	<u>89,829,321</u>
Change in net position	12,912,964	10,972,032
Net position - beginning	<u>75,730,973</u>	<u>64,758,941</u>
Net position - ending	<u>\$ 88,643,937</u>	<u>\$ 75,730,973</u>

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

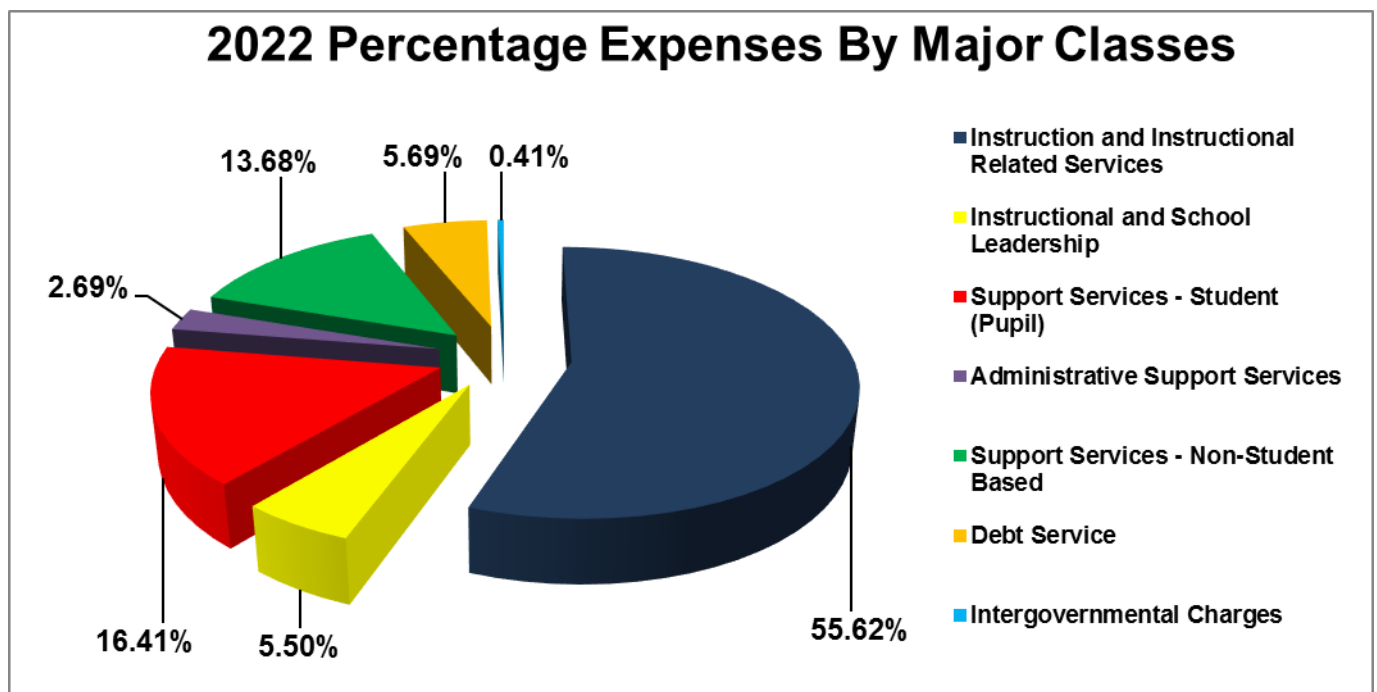
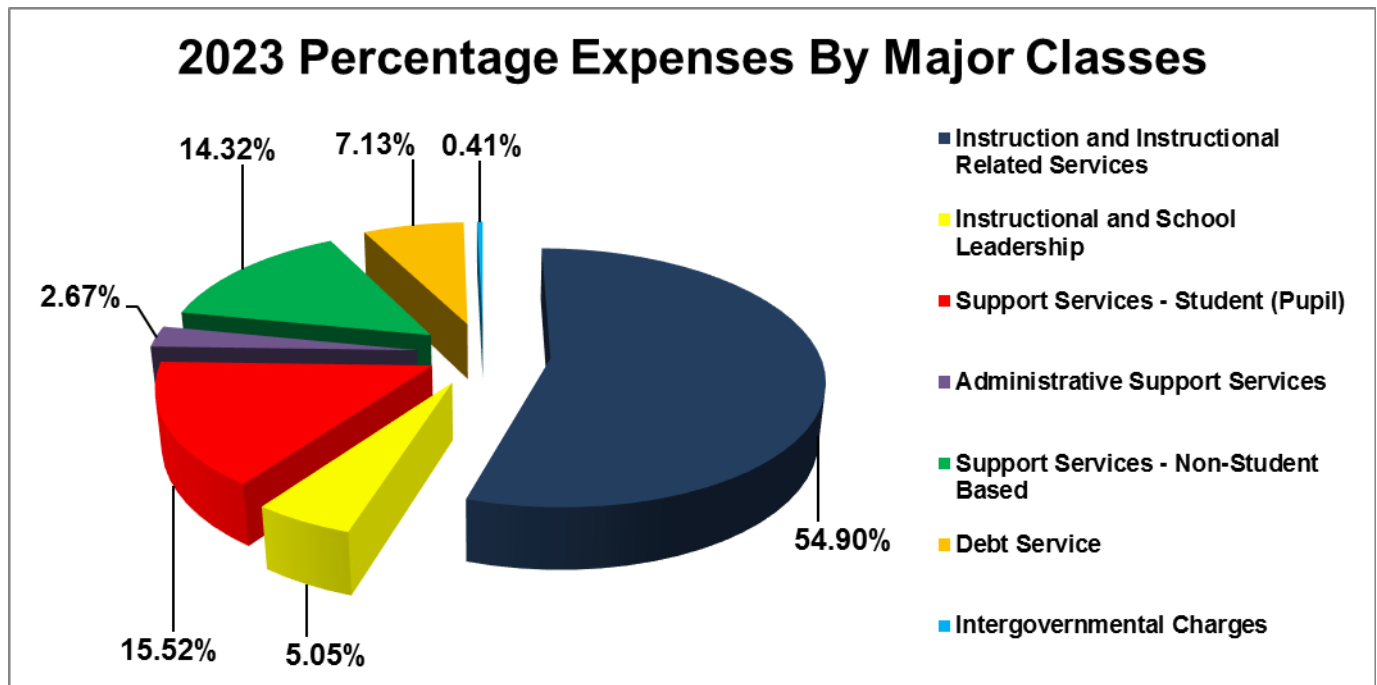
For the Year Ended August 31, 2023



## ANGLETON INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis

For the Year Ended August 31, 2023



### Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

### *Management's Discussion and Analysis*

*For the Year Ended August 31, 2023*

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$ 125,677,478, an increase of \$ 57,204,380 from last year's combined balance of \$ 68,473,098. Approximately 24.95% of this total amount \$ 31,361,043 constitutes *unassigned fund balance*. The remainder of fund balance is *nonspendable, restricted, committed* or assigned to indicate that it is not available for new spending because it has already been classified as 1) for inventories \$ 443,367, 2) for prepaid items \$ 1,525,377, 3) for grants of \$ 2,146,820, 4) for capital acquisitions and contractual obligations \$ 71,026,915, 5) for payment of debt service \$ 7,211,377, 6) for other purposes \$ 112,579, 7) for construction \$ 2,000,000, 8) for claims and judgments \$ 250,000, and 9) other miscellaneous assignments \$ 9,600,000.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 31,361,043, while the total fund balance was \$ 45,069,672. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 41.30% of the total general fund expenditures, while total fund balance represents 59.35% of that same amount. The fund balance of the District's general fund increased by \$ 1,087,010 or 2.47% during the current fiscal year compared to last year's total general fund balance of \$ 43,982,662. Expenditures increased approximately 3.98% from prior year from \$ 73,031,710 to \$ 75,935,179.

The debt service fund balance decreased by \$ 1,670,260 during the current fiscal year compared to last year's debt service fund balance of \$ 8,881,637. The primary factor contributing to this decrease was the debt service requirements in the current fiscal year on the Series 2023 bond issuance.

The capital projects fund balance increased by \$ 56,891,874 compared to last year's balance of \$ 14,135,041. The primary factor contributing to this increase was the proceeds of the Series 2023 bond issuance.

### **General Fund Budgetary Highlights**

Over the course of the year, the District recommended and the Board approved revisions to budgeted revenue and appropriations. These amendments fall into the following categories:

- Amendments during the year for unexpected occurrences.

Following is a summary of amendments made to appropriations:

- \$ 561,984 increase in instruction
- \$ 898,053 increase in facilities maintenance and operations
- \$ 820,689 increase in extracurricular activities

After appropriations were amended as described above, actual revenues were \$ 1,728,390 more than the final budgeted amounts due to an overall increase in local and intermediate source revenues. Actual expenditures were \$ 3,068,040 below final budget amounts. The major portion of this positive variance was due to the decreases in expenditures in student transportation, general administration and security and monitoring services.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

### Management's Discussion and Analysis

For the Year Ended August 31, 2023

#### Capital assets and debt administration

**Capital assets.** The District's investment in capital assets for its governmental activities as of August 31, 2023 amounts to \$ 236,370,898 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture, equipment and vehicles, subscription based IT assets, right to use leased assets, and construction in progress.

#### District's Capital Assets (net of depreciation)

	<u>2023</u>	<u>2022</u>
Land	\$ 5,196,312	\$ 3,348,511
Buildings and improvements	139,070,560	143,511,362
Furniture, equipment and vehicles	12,826,578	8,000,170
Subscription based IT assets	95,327	-
Right to use leased assets	295,658	31,529
Construction in progress	<u>78,886,463</u>	<u>67,134,689</u>
Total at historical cost	<u>\$ 236,370,898</u>	<u>\$ 222,026,261</u>

Additional information on the District's capital assets can be found in Note 5 on pages 56 through 57 of this report.

**Long-term debt.** At August 31, 2023, the District had total long-term debt outstanding of \$ 264,610,457, an increase of \$ 62,749,821 from the previous year.

#### District's Long-Term Debt

	<u>2023</u>	<u>2022</u>
General obligation bonds	\$ 216,420,000	\$ 159,292,500
Lease liability	308,397	32,055
Subscription based IT liability	97,383	-
Net pension liability	21,347,908	10,324,217
Net OPEB liability	12,385,517	20,569,176
Premium on general obligation bonds	<u>14,051,252</u>	<u>11,642,688</u>
	<u>\$ 264,610,457</u>	<u>\$ 201,860,636</u>

Moody's Aaa rating on the District's bonded indebtedness is provided by a guarantee of the Texas Permanent School Fund for timely payment of principal and interest in the event the District is unable to meet debt service requirements. Moody's currently rates the Texas permanent school fund Aaa.

Additional information on the District's long-term debt can be found in Note 6 on pages 57 through 60 of this report.

## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

### *Management's Discussion and Analysis*

*For the Year Ended August 31, 2023*

#### **Economic Factors and Next Year's Budgets and Rates**

- Appraised values used for the 2023-2024 budget increased by \$ 1 billion, or 18.7%.
- The District's 2023-2024 refined average daily attendance is expected to increase to around 6,470.
- The District's attendance rate is expected to be around 94%.
- The total tax rate for the District changed to \$ 1.0342 (\$ 0.6692 for Maintenance and Operations and \$ 0.3650 for Interest and Sinking) from the prior year of \$ 1.2296 (\$ 0.8546 for Maintenance and Operations and \$ 0.3750 for Interest and Sinking).

These indicators were taken into consideration when adopting the General Fund budget for the 2023-2024. The District has appropriated revenues of \$ 71,458,000 and expenditures of \$ 75,228,000 creating a deficit budget of \$ 3,770,000. The District's 2023-2024 expenditure budget has decreased by 1.1% from prior year's fiscal year. Certified tax values are increasing and the Board of Trustees approved giving all employees an average of a 3% raise for the 2023-2024 year.

#### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, Angleton Independent School District, 1900 N. Downing, Angleton, Texas, 77515.



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**ANGLETON INDEPENDENT SCHOOL DISTRICT**  
**Statement of Net Position**  
**August 31, 2023**

Exhibit A-1

Data Control Codes		Governmental Activities
	ASSETS:	
1110	Cash and cash equivalents	\$ 114,860,175
1120	Current investments	10,343,615
1220	Property taxes receivables	1,677,569
1230	Allowance for uncollectible taxes	( 733,686 )
1240	Due from other governments	5,729,059
1250	Accrued interest	132,641
1290	Other receivables (net)	98,401
1300	Inventories	443,367
1410	Prepaid items	1,525,377
	Capital Assets:	
1510	Land	5,196,312
1520	Buildings and improvements, net	139,070,560
1530	Furniture, equipment, and vehicles, net	12,826,578
1553	Subscription based IT asset, net	95,327
1559	Right to use leased asset, net	295,658
1580	Construction in progress	<u>78,886,463</u>
1000	Total assets	<u>370,447,416</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred outflows of resources	<u>14,013,080</u>
	Total deferred outflows of resources	<u>14,013,080</u>
	LIABILITIES:	
2110	Accounts payable	1,918,174
2140	Interest payable	348,167
2150	Payroll deductions and withholdings	120,918
2160	Accrued wages payable	4,790,411
2180	Due to other governments	500,831
2300	Unearned revenue	368,996
	Noncurrent Liabilities:	
2501	Due within one year	16,255,503
	Due in more than one year	
2502	Bonds payable and other	214,621,529
2540	Net pension liability	21,347,908
2545	Net OPEB liability	<u>12,385,517</u>
2000	Total liabilities	<u>272,657,954</u>
	DEFERRED INFLOWS OF RESOURCES	
2600	Deferred inflows of resources	<u>23,158,605</u>
	Total deferred inflows of resources	<u>23,158,605</u>
	NET POSITION:	
3200	Net investment in capital assets	76,857,914
	Restricted For:	
3820	Federal and state programs	2,256,935
3850	Debt service	7,077,348
3890	Other	112,579
3900	Unrestricted	<u>2,339,161</u>
3000	Total net position	<u>\$ 88,643,937</u>

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

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

## Statement of Activities

For the Year Ended August 31, 2023

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
			3 Charges for Services	4 Operating Grants and Contributions	5 Capital Grants and Contributions	
	GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 50,828,961	\$ 550,749	\$ 7,257,788	\$ 14,751	\$( 43,005,673 )
12	Instructional resources and media services	941,547	12,345	53,471	-	( 875,731 )
13	Curriculum and staff development	3,020,926	-	1,374,287	-	( 1,646,639 )
21	Instructional leadership	1,385,997	-	99,364	-	( 1,286,633 )
23	School leadership	3,654,416	-	273,277	-	( 3,381,139 )
31	Guidance, counseling, and evaluation services	2,845,494	-	795,107	-	( 2,050,387 )
32	Social work services	470,882	201	114,101	-	( 356,580 )
33	Health services	903,350	-	98,648	-	( 804,702 )
34	Student transportation	3,540,567	-	172,617	-	( 3,367,950 )
35	Food service	5,010,635	610,109	5,102,975	79,659	782,108
36	Extracurricular activities	2,721,628	728,558	75,541	-	( 1,917,529 )
41	General administration	2,666,031	-	142,407	-	( 2,523,624 )
51	Facilities maintenance and operations	10,538,354	-	295,765	-	( 10,242,589 )
52	Security and monitoring services	2,004,364	-	102,101	152,283	( 1,749,980 )
53	Data processing services	1,745,789	-	61,246	-	( 1,684,543 )
72	Debt service - Interest on long-term debt	6,302,012	-	32,310	-	( 6,269,702 )
73	Debt service - Bond issuance costs and fees	816,774	-	-	-	( 816,774 )
93	Payments related to shared services arrangements	45,790	-	-	-	( 45,790 )
99	Other governmental charges	361,935	-	-	-	( 361,935 )
TG	Total governmental activities	\$ 99,805,452	\$ 1,901,962	\$ 16,051,005	\$ 246,693	\$( 81,605,792 )
	GENERAL REVENUES:					
	Taxes:					
MT	Property taxes, levied for general purposes					\$ 41,074,769
DT	Property taxes, levied for debt service					19,761,033
SF	State aid-formula grants					24,755,080
GC	Grants and contributions not restricted to specific programs					2,350,619
IE	Investment earnings					5,106,996
MI	Miscellaneous					1,470,259
TG	Total general revenues					94,518,756
CN	Change in net position					12,912,964
NB	Net position - beginning					75,730,973
NE	Net position - ending					\$ 88,643,937

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

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

Exhibit C-1

**Balance Sheet - Governmental Funds**

August 31, 2023

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:					
1110	Cash and cash equivalents	\$ 32,113,602	\$ 7,174,175	\$ 71,992,100	\$ 3,580,298	\$ 114,860,175
1120	Current investments	10,343,615	-	-	-	10,343,615
1220	Taxes receivable - delinquent	1,187,146	490,423	-	-	1,677,569
1230	Allowance for uncollectible taxes (credit)	( 531,725 )	( 201,961 )	-	-	( 733,686 )
1240	Receivables from other governments	2,706,389	9,860	-	3,012,810	5,729,059
1250	Accrued interest receivable	132,641	-	-	-	132,641
1260	Due from other funds	2,860,899	46,492	-	-	2,907,391
1290	Other receivables	95,601	-	-	2,800	98,401
1300	Inventories	335,307	-	-	108,060	443,367
1410	Prepaid items	1,523,322	-	-	2,055	1,525,377
1000	Total assets	<u>\$ 50,766,797</u>	<u>\$ 7,518,989</u>	<u>\$ 71,992,100</u>	<u>\$ 6,706,023</u>	<u>\$ 136,983,909</u>
	LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
	Liabilities:					
2110	Accounts payable	\$ 716,603	\$ -	\$ 965,185	\$ 236,386	\$ 1,918,174
2150	Payroll deductions and withholdings	110,680	-	-	10,238	120,918
2160	Accrued wages payable	4,300,921	-	-	489,490	4,790,411
2170	Due to other funds	46,492	-	-	2,860,899	2,907,391
2180	Due to other governments	-	-	-	500,831	500,831
2300	Unearned revenue	36,857	93,474	-	238,665	368,996
2000	Total liabilities	<u>5,211,553</u>	<u>93,474</u>	<u>965,185</u>	<u>4,336,509</u>	<u>10,606,721</u>
	Deferred Inflows of Resources:					
2600	Deferred inflows of resources - property taxes	485,572	214,138	-	-	699,710
	Total deferred inflows of resources	<u>485,572</u>	<u>214,138</u>	<u>-</u>	<u>-</u>	<u>699,710</u>
	Fund Balances:					
	Nonspendable:					
3410	Inventories	335,307	-	-	108,060	443,367
3430	Prepaid items	1,523,322	-	-	2,055	1,525,377
	Restricted:					
3450	Grant Funds	-	-	-	2,146,820	2,146,820
3470	Capital acquisitions and contractual obligations	-	-	71,026,915	-	71,026,915
3480	Debt service	-	7,211,377	-	-	7,211,377
3490	Other purposes	-	-	-	112,579	112,579
	Committed:					
3510	Construction	2,000,000	-	-	-	2,000,000
3520	Claims and judgments	250,000	-	-	-	250,000
	Assigned:					
3590	Other purposes	9,600,000	-	-	-	9,600,000
3600	Unassigned	31,361,043	-	-	-	31,361,043
3000	Total fund balances	<u>45,069,672</u>	<u>7,211,377</u>	<u>71,026,915</u>	<u>2,369,514</u>	<u>125,677,478</u>
4000	Total liabilities, deferred inflows of resources and fund balances	<u>\$ 50,766,797</u>	<u>\$ 7,518,989</u>	<u>\$ 71,992,100</u>	<u>\$ 6,706,023</u>	<u>\$ 136,983,909</u>

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

**ANGLETON INDEPENDENT SCHOOL DISTRICT**  
*Reconciliation of the Governmental Funds Balance Sheet  
to the Governmental Activities Statement of Net Position  
August 31, 2023*

Exhibit C-2

Total fund balances - governmental funds balance sheet (C-1) \$ 125,677,478

**Amounts reported for governmental activities in the statement of net position (A-1) are different because:**

Capital assets net of accumulated depreciation/amortization unused in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The costs of these assets is \$ 354,252,984 and the accumulated depreciation/amortization is \$ 117,882,086 resulting in a net addition to net position. 236,370,898

Some receivables are not available soon enough to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. 699,710

The government-wide statement includes the District's proportionate share of TRS net pension liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net pension liability	\$( 21,347,908 )	
Deferred outflows of resources - TRS pension	9,027,339	
Deferred inflows of resources - TRS pension	( 3,304,089 )	( 15,624,658 )

The government-wide statement includes the District's proportionate share of TRS net OPEB liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

Net OPEB liability	\$( 12,385,517 )	
Deferred outflows of resources - TRS OPEB	4,648,608	
Deferred inflows of resources - TRS OPEB	( 19,854,516 )	( 27,591,425 )

Deferred outflows of resources related to deferred charges on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds. 337,133

Some liabilities, including bonds payable, capital lease payable, premium on bonds and accrued interest payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds. Liabilities at year-end related to such items consist of:

General obligation bonds	\$( 216,420,000 )	
Lease liability	( 308,397 )	
Subscription based IT liability	( 97,383 )	
Premium on bonds	( 14,051,252 )	
Accrued interest payable	( 348,167 )	( 231,225,199 )

Net position of governmental activities - statement of net position (A-1) \$ 88,643,937

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

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

Exhibit C-3

*Statement of Revenues, Expenditures, and Changes  
In Fund Balances - Governmental Funds  
For the Year Ended August 31, 2023*

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:					
5700	Local and intermediate sources	\$ 45,625,113	\$ 20,346,788	\$ 2,460,332	\$ 1,198,283	\$ 69,630,516
5800	State program revenues	28,510,184	348,603	-	577,448	29,436,235
5900	Federal program revenues	<u>2,335,940</u>	<u>-</u>	<u>-</u>	<u>11,391,046</u>	<u>13,726,986</u>
5020	Total revenues	<u>76,471,237</u>	<u>20,695,391</u>	<u>2,460,332</u>	<u>13,166,777</u>	<u>112,793,737</u>
	EXPENDITURES:					
	Current:					
0011	Instruction	42,879,204	-	-	4,709,306	47,588,510
0012	Instructional resources and media services	811,834	-	-	19,265	831,099
0013	Curriculum and staff development	1,861,581	-	-	1,216,307	3,077,888
0021	Instructional leadership	1,403,729	-	-	13,300	1,417,029
0023	School leadership	3,639,556	-	-	46,353	3,685,909
0031	Guidance, counseling, and evaluation services	2,259,489	-	-	624,538	2,884,027
0032	Social work services	394,404	-	-	86,501	480,905
0033	Health services	850,290	-	-	48,261	898,551
0034	Student transportation	2,777,201	-	1,101,588	39,608	3,918,397
0035	Food Service	20,318	-	-	4,685,403	4,705,721
0036	Extracurricular activities	2,388,768	-	-	546,599	2,935,367
0041	General administration	2,512,560	-	-	23,450	2,536,010
0051	Facilities maintenance and operations	9,915,848	-	-	92,537	10,008,385
0052	Security and monitoring services	1,867,976	-	-	165,820	2,033,796
0053	Data processing services	1,664,081	-	-	10,383	1,674,464
	Debt Services:					
0071	Principal on long-term debt	237,785	15,427,500	-	28,362	15,693,647
0072	Interest on long-term debt	42,830	6,951,972	-	3,948	6,998,750
0073	Bond issuance costs and fees	-	816,774	-	-	816,774
	Capital Outlay:					
0081	Facilities acquisition and construction	-	-	19,466,870	-	19,466,870
	Intergovernmental:					
0093	Payments related to shared services arrangements	45,790	-	-	-	45,790
0099	Other governmental charges	<u>361,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,935</u>
6030	Total expenditures	<u>75,935,179</u>	<u>23,196,246</u>	<u>20,568,458</u>	<u>12,359,941</u>	<u>132,059,824</u>
1100	Excess (deficiency) of revenues over expenditures	<u>536,058</u>	<u>( 2,500,855 )</u>	<u>( 18,108,126 )</u>	<u>806,836</u>	<u>( 19,266,087 )</u>
	OTHER FINANCING SOURCES:					
7911	Proceeds from bonds	-	-	72,555,000	-	72,555,000
7913	Proceeds from right to use leased assets	492,764	-	-	-	492,764
7916	Premium on bonds	-	830,595	2,445,000	-	3,275,595
7949	Proceeds from subscription based IT arrangements	<u>58,188</u>	<u>-</u>	<u>-</u>	<u>88,920</u>	<u>147,108</u>
	Total other financing sources	<u>550,952</u>	<u>830,595</u>	<u>75,000,000</u>	<u>88,920</u>	<u>76,470,467</u>
1200	Net change in fund balances	1,087,010	( 1,670,260 )	56,891,874	895,756	57,204,380
0100	Fund balances - beginning	<u>43,982,662</u>	<u>8,881,637</u>	<u>14,135,041</u>	<u>1,473,758</u>	<u>68,473,098</u>
3000	Fund balances - ending	<u>\$ 45,069,672</u>	<u>\$ 7,211,377</u>	<u>\$ 71,026,915</u>	<u>\$ 2,369,514</u>	<u>\$ 125,677,478</u>

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

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

Exhibit C-4

*Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to  
Governmental Activities Statement of Activities  
For the Year Ended August 31, 2023*

Net change in fund balances - total governmental funds (from C-3) \$ 57,204,380

**Amounts reported for governmental activities in the statement of activities (B-1) are different because:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital outlay	\$ 21,735,574	
Depreciation/amortization expense	( 7,390,937 )	14,344,637

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect on premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Debt issue	\$( 73,194,872 )	
Premium on debt issue	( 3,275,595 )	
Principal payments	15,693,647	
Change in accrued interest payable	( 110,679 )	
Amortization of bond premium	867,031	
Amortization of deferred charge on bond refunding	( 59,614 )	( 60,080,082 )

The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net pension liability increased	\$( 11,023,691 )	
Deferred outflows increased	2,708,775	
Deferred inflows decreased	<u>7,939,439</u>	( 375,477 )

The net change in net OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. The net change consists of the following:

Net OPEB liability decreased	\$ 8,183,659	
Deferred outflows decreased	( 840,686 )	
Deferred inflows increased	<u>5,448,146</u>	1,894,827

Because some property tax receivables will not be collected for several months after the District's fiscal year ends, they are not considered available revenues and are deferred inflows in the governmental funds. ( 75,321 )

Change in net position of governmental activities (see B-1) \$ 12,912,964

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

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

Exhibit E-1

*Statement of Fiduciary Net Position**Fiduciary Funds**August 31, 2023*

	<u>Custodial Funds</u>
ASSETS:	
Cash and cash equivalents	\$ <u>359,998</u>
Total assets	<u>359,998</u>
LIABILITIES:	
Accounts payable	<u>35,573</u>
Total liabilities	<u>35,573</u>
NET POSITION:	
Restricted For:	
Students and other activities	<u>324,425</u>
Total net position	\$ <u><u>324,425</u></u>

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



**ANGLETON INDEPENDENT SCHOOL DISTRICT**

Exhibit E-2

*Statement of Changes in Fiduciary Net Position**Fiduciary Funds**For the Year Ended August 31, 2023*

	<u>Custodial Funds</u>
ADDITIONS:	
Contributions:	
Revenues from student activities	\$ <u>71,893</u>
Total additions	<u>71,893</u>
DEDUCTIONS:	
Payments for student activities	<u>69,399</u>
Total deductions	<u>69,399</u>
Change in net position	2,494
Net position - beginning	<u>321,931</u>
Net position - ending	\$ <u><u>324,425</u></u>

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

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# ANGLETON INDEPENDENT SCHOOL DISTRICT

## *Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

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# ANGLETON INDEPENDENT SCHOOL DISTRICT

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Angleton Independent School District (the "District") is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven-member Board of Trustees elected by the District's residents.

The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources; and it complies with the requirements of the appropriate version of Texas Education Agency's (the "TEA") *Financial Accountability System Resource Guide* (the "Resource Guide" or "FASRG") and the requirements of contracts and grants of agencies from which it receives funds.

The following is a summary of the most significant accounting policies.

### **Reporting Entity**

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Board of Trustees (the "Board") is elected by the public and 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) in its GASB Statement No. 61, "The Financial Reporting Entity". The District receives support from various PTO, booster clubs and foundation organizations. None of these organizations meet the criteria specified by GASB 61 to be included in the District's financial statements. Therefore, there are no component units included within the reporting entity.

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial 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. The *governmental activities* are supported by tax revenues and intergovernmental revenues. The District has no *business-type activities* 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 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 operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

### **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*, as are the fiduciary fund financial statements. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected 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 service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

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

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

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

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal and state government, food service, debt service, and capital projects.

The *debt service* fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the general fund after all of the related debt obligations have been met. Major revenue sources include local property taxes, and interest earnings. Expenditures include all costs associated with related debt service.

The *capital projects* fund accounts for the resources accumulated and made for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. The major revenue source includes investment earnings and other resources from proceeds from sale of general obligation bonded debt.

Additionally, the District reports the following fiduciary fund:

The *custodial funds* account for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others.

## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Cash and Cash Equivalents**

The District's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### **Investments**

Investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

#### **Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The District had no advances between funds. See Note 4 for additional discussion of interfund receivables and payables.

#### **Inventories and Prepaid Items**

The consumption method is used to account for inventories (food products, school supplies and athletic equipment) of governmental funds. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Governmental fund inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their market value is recorded as inventory and unearned revenue when received in the governmental funds. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### Capital Assets and Depreciation/Amortization

Capital assets, which include land, buildings and improvements, furniture, equipment and vehicles, subscription based IT assets, and right to use leased assets are reported in the applicable governmental activities column in the government-wide 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 one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. 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. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings and building improvements, furniture, equipment and vehicles, subscription based IT assets, and right to use leased assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Furniture, equipment and vehicles	5-15
Subscription based IT assets	3
Right to use leased assets	5

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. *Unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the District reports deferred amounts related to leases and deferred amounts related to pension and OPEB.



## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Compensated Absences**

Non-duty time for exempt employees is to be taken within the same year it is earned, and any unused days at the end of the year are forfeited. Non-exempt employees must be compensated for their time. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying basic financial statements.

#### **Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures or expenses in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of the debt issued is reported as other financing resources. 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.

#### **Pensions**

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

#### **Other Post-Employment Benefits (OPEB)**

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

## ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Net Position**

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

#### **Fund Balance**

The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the District's Board of Trustees prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board of Trustees adopts another ordinance to remove or revise the limitation.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Fund Balance** - Continued

- *Assigned* fund balance represents amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees delegates the responsibility to assign fund balances to the Superintendent or his designees.
- *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As of August 31, 2023, nonspendable fund balances include \$ 335,307 for inventories and \$ 1,523,322 for prepaid items in the General Fund, and \$ 108,060 for inventories and \$ 2,055 for prepaid items in National School Breakfast and Lunch Program Fund. Restricted fund balance includes \$ 7,211,377 for the debt service fund, \$ 71,026,915 for the capital projects fund, \$ 2,146,820 for the National School Breakfast and Lunch Program Fund, \$ 104,898 for the Campus Activity Fund and \$ 7,681 in the Stadium Operations Fund. Committed fund balances include \$ 250,000 for claims and judgments and \$ 2,000,000 for capital expenditures (equipment) in the General Fund. Assigned fund balances include \$ 9,600,000 for other purposes in the General Fund. Unassigned fund balance includes \$ 31,361,043 in the General Fund.

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

#### **Leases**

**Lessee:** The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and a right to use leased asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

## ANGLETON INDEPENDENT SCHOOL DISTRICT

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Leases - Continued

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

#### Subscription Based Information Technology Arrangements

The District adopted GASB 96 - Subscription Based Information Technology Arrangements (SBITA). The District recognizes a liability and corresponding right to use the information technology software in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$ 5,000 or more and a contract term of twelve months or more.

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

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

- The District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

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

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

## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business 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 past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The appraisal and recording of all property within the District is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions.

The assessed value of the property tax roll on August 1, 2022, upon which the levy for the 2022-23 fiscal year was based, was \$ 4,668,403,686. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2023, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.854600 and \$ 0.375000 per \$ 100 valuation, respectively, for a total of \$ 1.229600 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2023 were 98.67% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 655,421 and \$ 288,462 for the general and debt service funds, respectively.

#### **Use of Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reporting amounts of assets and deferred outflows of resources, and, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

#### **Budgetary Data**

Formal budgetary accounting is employed for all required governmental funds, as outlined in TEA's FASRG, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required governmental funds prior to August 31 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **Budgetary Data** - Continued

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and the food service (special revenue fund). The remaining special revenue funds and the capital projects fund (if utilized) adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The budget was properly amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

The Official Budget was prepared for adoption for the general fund, food service (special revenue fund) and debt service fund prior to August 31, 2022. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within fund groups at the function code level and revenue object code level.

The Budget is formally adopted by the Board of Trustees at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the Texas Education Agency (TEA) through the Public Education Information Management System. Should any change in the approved budget be required, budget amendment requests are presented to the Board of Trustees for consideration. Amendments are made after Board approval and are reflected in the official minutes. During the year the budget was properly amended in accordance with the above procedures.

#### **Encumbrance Accounting**

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

The District had no outstanding encumbrances at August 31, 2023.

#### **Data Control Codes**

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The 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 database for policy development and funding plans.

## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### **New Pronouncements**

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 91 "Conduit Debt Obligations" was issued in May 2019. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" was issued in March 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 96 "Subscription-Based Information Technology Arrangements" was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 99 "Omnibus 2022" was issued in April 2022. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 100 "Accounting Changes and Error Corrections - an amendment to GASB Statement No. 62" was issued in June 2022. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB No. 101 "Compensated Absences" was issued in June 2022. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

### NOTE 2. DEPOSITS AND INVESTMENTS

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of one year or more.

Cash and cash equivalents, current investments, and non-current investments as reported on the statement of net position at August 31, 2023 are as follows:

	Governmental Funds	Fiduciary Funds	Total
Cash and Cash Equivalents:			
Cash (petty cash accounts)	\$ 9,447	\$ -	\$ 9,447
Financial Institution Deposits:			
Demand deposits	2,598,311	359,998	2,958,309
Texpool	2,307,578	-	2,307,578
Lone Star Investment Pool	<u>109,944,839</u>	<u>-</u>	<u>109,944,839</u>
Total cash and cash equivalents	<u>114,860,175</u>	<u>359,998</u>	<u>115,220,173</u>
Current Investments:			
U.S. Government Bonds	7,926,695	-	7,926,695
Municipal securities	<u>2,416,920</u>	<u>-</u>	<u>2,416,920</u>
Total investments	<u>10,343,615</u>	<u>-</u>	<u>10,343,615</u>
Total	<u>\$ 125,203,790</u>	<u>\$ 359,998</u>	<u>\$ 125,563,788</u>

#### Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. The District requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.



## ANGLETON INDEPENDENT SCHOOL DISTRICT

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 2. DEPOSITS AND INVESTMENTS - Continued**

#### **Deposits** - Continued

At August 31, 2023, in addition to petty cash of \$ 9,447, the carrying amount of the District's cash and savings was \$ 2,958,309. The financial institutions balances were \$ 4,294,202 at August 31, 2023. Bank balances of \$ 424,837 were covered by federal depository insurance, and \$ 3,869,365 was covered by collateral pledged in the District's name. The collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

In addition the following is disclosed regarding coverage of combined balances on the date of highest deposit:

Depository:

- a. Name of bank: Prosperity Bank, Angleton, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 19,524,082
- c. Largest cash, savings and time deposit combined account balance amounted to \$ 17,203,250 and occurred on February 10, 2023.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$ 250,000.

#### **Investments**

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The District's deposits and investments are invested pursuant to the investment policy, which is approved by the Board of Trustees. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the District will deposit funds is addressed. The District's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes it complied with the requirements of the PFIA and the District's investment policy.

The District's Investment Officer submits an investment report each quarter to the Board of Trustees. The report details the investment positions of the District and the compliance of the investment portfolio's as they relate to both the adopted investment strategy statements and Texas State law.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 2. DEPOSITS AND INVESTMENTS - Continued**

#### **Investments** - Continued

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

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.

The District participates in Local Government Investment Pools (LGIP): Lone Star Investment Pool and Texpool. Both the Lone Star Investment Pool ("the Pool") and Texpool were established as a public funds investment pool in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. Lone Star and Texpool are 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$ 1.00, although this cannot be fully guaranteed. Standard and Poor's has assigned its "AAAm" fund risk ratings to both Lone Star (Government Overnight Fund, Corporate Overnight Fund and Corporate Overnight Plus Fund) and Texpool.

At August 31, 2023, the Government Overnight Fund had a weighted average maturity of 18 days, the Corporate Overnight Fund had a weighted average maturity of 32 days, the Corporate Overnight Plus Fund had a weighted average maturity of 44 days, and TexPool had a weighted average maturity of 30 days. Although these four funds had weighted average maturities of 18, 32, 44 and 30 days, respectively, the District considers holdings of these funds to have a one day weighted average maturity. This is due to the fact that the share position can normally be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

### NOTE 2. DEPOSITS AND INVESTMENTS - Continued

#### Investments - Continued

The District's investments in LGIP's are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial credit risk.

The following table includes the portfolio balances of all investment types of the District at August 31, 2023:

	Fair Value	Weighted Average Maturity (In Days)
Local Government Investment Pools:		
Texpool	\$ 2,307,578	30
Lone Star Investment Pool:		
Government Overnight Fund	1,397,635	18
Corporate Overnight Fund	6,891,775	32
Corporate Overnight Plus Fund	<u>101,655,429</u>	44
Total Local Government Investment Pools	112,252,417	
U.S. Government bonds	7,926,695	209
Municipal bonds	<u>2,416,920</u>	52
Total investments	<u>\$122,596,032</u>	54

The value of District portions in TexPool and Lone Star are the same as the value of the Shares. The external pooled funds use amortized cost rather than fair value in their computation of share price, such funds have daily liquidity.

Credit Risk - As of August 31, 2023, 91.56% of the investment portfolio was invested in AAAM or AAA rated LGIPs (2(a) 7 like pools), 6.47% invested in U.S. Government bonds with a Standards and Poor rated AA+ or better, and 1.97% of the investment portfolio was invested in municipal bonds with a Standards and Poor rated of AAA or better.

Interest rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the District's cash flow requirements.

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

## NOTE 2. DEPOSITS AND INVESTMENTS - Continued

### Fair Value Measures

GASB No. 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB No. 72 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of August 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government securities	\$ 7,926,695	\$ -	\$ -	\$ 7,926,695
Municipal securities	<u>2,416,920</u>	<u>-</u>	<u>-</u>	<u>2,416,920</u>
Total assets at fair value	<u>\$ 10,343,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,343,615</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES****Receivables and Allowances**

Receivables as of August 31, 2023, for the government's individual major funds and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Other Governmental Funds	Total
Receivables:				
Property taxes	\$ 1,187,146	\$ 490,423	\$ -	\$ 1,677,569
Receivables from other governments	2,706,389	9,860	3,012,810	5,729,059
Accrued interest	132,641	-	-	132,641
Other receivables	<u>95,601</u>	<u>-</u>	<u>2,800</u>	<u>98,401</u>
Gross receivables	4,121,777	500,283	3,015,610	7,637,670
Less: allowance for uncollectible	<u>531,725</u>	<u>201,961</u>	<u>-</u>	<u>733,686</u>
Net total receivables	<u>\$ 3,590,052</u>	<u>\$ 298,322</u>	<u>\$ 3,015,610</u>	<u>\$ 6,903,984</u>

**Receivables/Payables from/to Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. All federal grants shown below are passed through the TEA or other state agency and are reported on the combined financial statements as either Receivable from or Payable to Other Governments, as applicable.

Amounts due from federal, state, and local governments as of August 31, 2023 are summarized below.

Fund	State Entitlements	Federal Grants	State Grants and Other	Total
Major Governmental Funds:				
General fund	\$ 2,683,858	\$ -	\$ 22,531	\$ 2,706,389
Debt service fund	-	-	9,860	9,860
Other Governmental Funds	<u>-</u>	<u>2,897,831</u>	<u>114,979</u>	<u>3,012,810</u>
Total	<u>\$ 2,683,858</u>	<u>\$ 2,897,831</u>	<u>\$ 147,370</u>	<u>\$ 5,729,059</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued****Deferred Outflows of Resources and Deferred Inflows of Resources and Unearned Revenue****Governmental Funds**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned.

As of August 31, 2023, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable (general fund)	\$ 485,572	\$ -
Delinquent property taxes receivable (debt service fund)	214,138	-
Advance Funding:		
State entitlements	-	93,474
Federal grants	-	121,487
State grants and other	-	117,178
Tuition	-	14,520
Extracurricular activities	<u>-</u>	<u>22,337</u>
Total	<u>\$ 699,710</u>	<u>\$ 368,996</u>

**Governmental Activities**

Governmental activities defer the recognition of pension and OPEB expense for contributions made from the measurement date (August 31, 2022) to the current year-end of August 31, 2023 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUES - Continued**Governmental Activities - Continued

As of August 31, 2023, the various components of deferred inflows and outflows of resources and unearned revenue reported in the governmental activities were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
TRS pension deferred inflows and outflows of resources	\$ 7,138,074	\$ 3,304,089	\$ -
Pension contributions subsequent to the measurement date	1,889,265	-	-
TRS OPEB deferred inflows and outflows of resources	4,197,413	19,854,516	-
OPEB contributions subsequent to the measurement date	451,195	-	-
Bond refunding costs	337,133	-	-
Advance Funding:			
State entitlements	-	-	93,474
Federal grants	-	-	121,487
State grants and other	-	-	117,178
Tuition	-	-	14,520
Extracurricular activities	<u>-</u>	<u>-</u>	<u>22,337</u>
Total	<u>\$ 14,013,080</u>	<u>\$ 23,158,605</u>	<u>\$ 368,996</u>

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund balances at August 31, 2023 consisted of the following individual fund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>08-31-23</u>
General Fund	Other Governmental Funds	\$ 2,860,899
Debt Service Fund	General Fund	<u>46,492</u>
		<u>\$ 2,907,391</u>

**Interfund Transfers**

As of August 31, 2023, the District did not have any interfund transfers.

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 5. CAPITAL ASSETS****Changes in Capital Assets and Accumulated Depreciation/Amortization**

The following provides a summary of changes in capital assets and accumulated depreciation/amortization for the year ended August 31, 2023:

	Balance 09-01-22	Additions	Retirements/ Transfers	Balance 08-31-23
Capital Assets Not Being Depreciated/ Amortized:				
Land	\$ 3,348,511	\$ 1,847,801	\$ -	\$ 5,196,312
Construction in progress	<u>67,134,689</u>	<u>13,141,889</u>	<u>( 1,390,115)</u>	<u>78,886,463</u>
Total capital assets not being depreciated/amortized	<u>70,483,200</u>	<u>14,989,690</u>	<u>( 1,390,115)</u>	<u>84,082,775</u>
Capital Assets Being Depreciated/Amortized:				
Buildings and improvements	240,983,151	-	1,390,115	242,373,266
Furniture, equipment and vehicles	21,452,510	6,106,012	( 470,815)	27,087,707
Subscription based IT assets	-	147,108	-	147,108
Right to use leased assets	<u>69,364</u>	<u>492,764</u>	<u>-</u>	<u>562,128</u>
Total capital assets being depreciated/amortized	<u>262,505,025</u>	<u>6,745,884</u>	<u>919,300</u>	<u>270,170,209</u>
Less Accumulated Depreciation/Amortization:				
Buildings and improvements	97,471,789	5,830,917	-	103,302,706
Furniture, equipment and vehicles	13,452,340	1,279,604	( 470,815)	14,261,129
Subscription based IT assets	-	51,781	-	51,781
Right to use leased assets	<u>37,835</u>	<u>228,635</u>	<u>-</u>	<u>266,470</u>
Total accumulated depreciation/ amortization	<u>110,961,964</u>	<u>7,390,937</u>	<u>( 470,815)</u>	<u>117,882,086</u>
Net depreciated capital assets	\$ <u>222,026,261</u>	\$ <u>14,344,637</u>	\$ <u>-</u>	\$ <u>236,370,898</u>

See Note 1 for additional information regarding capital assets.

**Depreciation/Amortization Expense**

In accordance with requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, depreciation/amortization expense of the governmental activities was charged to functions as follows:



**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 5. CAPITAL ASSETS - Continued**

<u>Data Control Codes</u>	<u>Function</u>	<u>Amount</u>
0011	Instruction	\$ 4,312,868
0012	Instructional resources and media services	127,157
0023	School leadership	50,326
0031	Guidance, counseling, and evaluation services	22,968
0033	Health services	22,968
0034	Student transportation	771,715
0035	Food service	424,955
0036	Extracurricular activities	347,734
0041	General administration	223,791
0051	Plant maintenance and operations	649,735
0052	Security and monitoring services	288,867
0053	Data processing services	<u>147,853</u>
Total depreciation/amortization expense		<u>\$ 7,390,937</u>

**Governmental Fund Construction Commitments**

At August 31, 2023, the District had the following construction commitments:

<u>Project</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
CTE/High School Renovation	\$ 59,420,000	\$ 51,738,633	\$ 7,681,367
Transportation Center	16,447,986	14,773,068	1,674,918
New Elementary and Junior High	112,000,000	6,974,463	105,025,537
Angleton Operation Services/Benchmark	6,429,085	4,048,523	2,380,562
Marshall Renovations	2,100,000	22,500	2,077,500
Downing Project/Old Intermediate	2,100,000	-	2,100,000
District Water Foundations	300,000	-	300,000
AJHS Science Room Renovations	750,000	-	750,000
AJHS Gym Renovations	750,000	-	750,000
Central Awning	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total	<u>\$ 200,497,071</u>	<u>\$ 77,557,187</u>	<u>\$ 122,939,884</u>

**NOTE 6. LONG-TERM DEBT****General Obligation Bonds**

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, contractual obligations and loans. Contractual obligations are issued at parity with general obligation bonds, but carry a secondary revenue stream pledge; however, all certificates of obligation reported are tax, not revenue, supported. This debt, unlike other tax-supported debt, can be issued without a vote of the citizens. Bond premiums and discounts are amortized using the straight line method.

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 6. LONG-TERM DEBT - Continued****General Obligation Bonds - Continued**

The following is a summary of the changes in the District's general obligation bonded debt as of August 31, 2023:

	<u>Original Borrowing</u>	<u>Interest Rate %</u>	<u>Final Maturity</u>	<u>Outstanding Balance at 8-31-23</u>
2010 Unlimited Tax Qualified School Construction Bonds	\$ 7,945,000	2.360	2025	\$ 1,135,000
2014 Unlimited Tax Refunding Bonds	9,190,000	3.500	2030	5,330,000
2015 Unlimited Tax Refunding Bonds	8,650,000	2.000-3.000	2033	6,120,000
2016 Unlimited Tax Refunding Bonds	9,365,000	2.250-3.000	2033	5,800,000
2017 Unlimited Refunding Bonds	21,025,000	2.250-3.000	2033	18,985,000
2017 Unlimited Tax School Building Bonds	6,835,000	3.000-5.000	2037	5,085,000
2017A Unlimited Tax Refunding Bonds	35,475,000	2.500-5.000	2034	25,045,000
2018 Unlimited Tax Refunding Bonds	9,425,000	3.300-5.250	2035	6,720,000
2018A Unlimited Tax Refunding Bonds	9,325,000	3.000-5.000	2034	9,050,000
2020 Unlimited Tax School Building Bonds	37,530,000	2.500-5.000	2045	33,680,000
2021 Unlimited Tax School Building Bonds	28,510,000	1.000-4.000	2045	20,365,000
2022 Unlimited Tax School Building Bonds	14,205,000	2.000-5.000	2045	11,740,000
2023 Unlimited Tax School Building Bonds	72,555,000	4.000-5.000	2048	<u>67,365,000</u>
				<u>\$ 216,420,000</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 6. LONG-TERM DEBT - Continued****General Obligation Bonds - Continued**

Presented below is a summary of General Obligation bond requirements to maturity at August 31, 2023:

Year Ended August 31	General Obligation Bonds		Total Requirements
	Principal	Interest	
2024	\$ 15,177,500	\$ 7,770,656	\$ 22,948,156
2025	12,742,500	7,156,018	19,898,518
2026	10,420,000	6,445,185	16,865,185
2027	10,660,000	5,967,416	16,627,416
2028	10,980,000	5,515,385	16,495,385
2029-2033	58,065,000	21,556,935	79,621,935
2034-2038	36,020,000	13,487,150	49,507,150
2039-2043	33,970,000	8,006,838	41,976,838
2044-2048	<u>28,385,000</u>	<u>2,379,316</u>	<u>30,764,316</u>
Totals	<u>\$ 216,420,000</u>	<u>\$ 78,284,899</u>	<u>\$ 294,704,899</u>

During the year ended August 31, 2023, the District issued \$ 72,555,000 of Unlimited Tax School Building Bonds, Series 2023, bearing interest at 4.000% to 5.000%. Proceeds from the sale of the bonds will be used for the construction, acquisition and equipment of school buildings in the District and the purchase of the necessary sites for school buildings, including a new career and technical education building at Angleton High School, a new transportation facility, renovation of existing career and technical education class rooms into general education class rooms at Angleton High School district-wide energy efficiency upgrades, renovations to the existing softball facility and the addition of a performance stage at Central Elementary School. The proceeds from the sale of the bonds will also be used for the construction, acquisition, rehabilitation, renovation, expansion, improvement and equipment of school buildings in the District, the purchase of the necessary sites for school buildings, the purchase of new school buses, the retrofitting of school buses with emergency, safety, and security equipment, and the purchase of retrofitting of vehicles to be used for emergency, safety, or security purposes. The bonds have a stated interest rate between 4.000%-5.000%. The bonds will mature in 2048.

Bond indebtedness of the District is recorded in the governmental activities statement of net position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2023.

**Defeased debt.** The District has defeased general obligation bonds in prior years by placing the proceeds of new bonds and the District's own resources into irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, those trust account assets and the liability for those defeased bonds are not included in the District's financial statements.

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 6. LONG-TERM DEBT - Continued****Changes in Long-Term Liabilities**

Long-term liability activity for the governmental activities for the year ended August 31, 2023, was as follows:

	<u>Balance 09-01-22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 08-31-23</u>	<u>Due Within One Year</u>
Long-Term Debt:					
General obligation					
bonds	\$ 159,292,500	\$ 72,555,000	\$ 15,427,500	\$ 216,420,000	\$ 15,177,500
Lease liability	32,055	492,764	216,422	308,397	98,367
Subscription based					
IT liability	-	147,108	49,725	97,383	51,933
Net pension liability	10,324,217	20,824,844	9,801,153	21,347,908	-
Net OPEB liability	20,569,176	1,664,433	9,848,092	12,385,517	-
Premium on general					
obligation bonds	<u>11,642,688</u>	<u>3,275,595</u>	<u>867,031</u>	<u>14,051,252</u>	<u>927,703</u>
Totals	<u>\$ 201,860,636</u>	<u>\$ 98,959,744</u>	<u>\$ 36,209,923</u>	<u>\$ 264,610,457</u>	<u>\$ 16,255,503</u>

**NOTE 7. LEASES**

In 2018, the District entered a five year lease agreement for the lease of copiers, Based on this agreement, the District is required to make monthly payments of \$ 3,255. There are no renewal options included in this lease agreement and the District will not purchase the copiers at the end of the lease term. An initial lease liability related to copiers was recorded in the amount of \$ 69,364 using 3.34% discount rate. As of August 31, 2023, the lease liability matured and was paid in full and the value of the right to use leased asset was fully amortized.

In 2018, the District entered into a five year lease agreement for the lease of a scoreboard. Based on this agreement, the District is required to make annual payments of \$ 112,060. There are no renewal options included in this lease agreement and the District will not purchase the scoreboard at the end of the lease term. An initial lease liability related to the scoreboard was recorded in the amount of \$ 492,764 using a 4.44% discount rate. As of August 31, 2023, the lease liability was \$ 308,397 and the value of the right-to-use asset was \$ 492,764 with accumulated amortization of \$ 197,106.

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 98,367	\$ 13,693	\$ 112,060
2025	102,735	9,325	112,060
2026	<u>107,295</u>	<u>4,765</u>	<u>112,060</u>
Totals	<u>\$ 308,397</u>	<u>\$ 27,783</u>	<u>\$ 336,180</u>

## ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

### NOTE 8. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into arrangements for the right to use other party's information technology software which have been accounted for with GASB 96. The District is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied in the subscription term which is 4.44% for the arrangements entered into by the District for the year ended August 31, 2023.

The future principal and interest subscription based information technology arrangement payments as of August 31, 2023 are as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2024	\$ 51,933	\$ 4,324	\$ 56,257
2025	<u>45,450</u>	<u>2,018</u>	<u>47,468</u>
Totals	<u>\$ 97,383</u>	<u>\$ 6,342</u>	<u>\$ 103,725</u>

### NOTE 9. DEFINED BENEFIT PENSION PLANS

#### Plan Description

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

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

#### Pension Plan Fiduciary Net Position

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

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

## NOTE 9. DEFINED BENEFIT PENSION PLANS - Continued

### **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 above.

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

### **Contributions**

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

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

### **Contribution Rates**

	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Employer # 0331 - 2023 Employer Contributions	\$	1,889,265
Employer # 0331 - 2023 Member Contributions	\$	4,382,287
Employer # 0331 - 2023 NECE On-behalf Contributions	\$	3,307,523
Employer # 0331 - 2023 Medicare Part D Contribution	\$	295,562

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

## NOTE 9. DEFINED BENEFIT PENSION PLANS - Continued

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 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning 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 using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Benefit changes during the year	None
Ad-hoc post-employment benefit changes	None

## ANGLETON INDEPENDENT SCHOOL DISTRICT

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 9. DEFINED BENEFIT PENSION PLANS - Continued**

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 12, 2021.

#### **Discount Rate**

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

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

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



# ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

## NOTE 9. DEFINED BENEFIT PENSION PLANS - Continued

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
USA	18%	4.60%	1.12%
Non-U.S. Developed	13%	4.90%	0.90%
Emerging Markets	9%	5.40%	0.75%
Private Equity*	14%	7.70%	1.55%
Stable Value:			
Government Bonds	16%	1.00%	0.22%
Absolute Return*	0%	3.70%	0.00%
Stable Value Hedge Funds	5%	3.40%	0.18%
Real Return:			
Real Estate	15%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6%	5.10%	0.37%
Commodities	0%	3.60%	0.00%
Risk Parity:			
Risk Parity	8%	4.60%	0.43%
Leverage:			
Cash	2%	3.00%	0.01%
Asset Allocation Leverage	-6%	3.60%	-0.05%
Inflation Expectation	-		2.70%
Volatility Drag****	-		-0.91%
Total	100%		8.21%

\* Absolute Return includes Credit Sensitive Investments.

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

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

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

### Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net position liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the Net pension liability	\$ <u>33,219,059</u>	\$ <u>21,347,908</u>	\$ <u>11,737,198</u>

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

## NOTE 9. DEFINED BENEFIT PENSION PLANS - Continued

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2022, the District reported a liability of \$ 21,347,908 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 21,347,908
State's proportionate share that is associated with the District	<u>37,572,343</u>
Total	<u>\$ 58,920,251</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0359695770% which was an decrease of 0.0045708695% from its proportion measured as of August 31, 2021.

### **Changes since the prior Actuarial Valuation**

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

For the year ended August 31, 2022, the District recognized pension expense of \$ 2,264,680 and revenue of \$ 3,591,490 for support provided by the State.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 309,543	\$ 465,425
Changes in actuarial assumptions	3,977,810	991,381
Net difference between projected and actual investment earnings	2,109,105	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	741,616	1,847,283
Contributions paid to TRS subsequent to the measurement date	<u>1,889,265</u>	<u>-</u>
Total	<u>\$ 9,027,339</u>	<u>\$ 3,304,089</u>

## ANGLETON INDEPENDENT SCHOOL DISTRICT

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### NOTE 9. DEFINED BENEFIT PENSION PLANS - Continued

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

<u>Measurement Year Ended August 31,</u>	<u>Pension Expense Amount</u>	<u>Balance of Deferred Outflows (Deferred Inflows)</u>
2024	\$ 1,139,369	\$ 2,694,616
2025	464,597	2,230,019
2026	( 86,280)	2,316,299
2027	2,195,864	120,435
2028	120,435	-

### NOTE 10. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

#### Plan Description

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

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

#### OPEB Plan Fiduciary Net Position

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

#### Benefits Provided

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

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

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 10. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

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

TRS-Care Monthly Premium Rates

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

**Contributions**

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

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

Contribution Rates

	<u>2022</u>
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/private Funding remitted by Employers	1.25%
Employer # 0331 - 2023 Employer Contributions	\$ 451,195
Employer # 0331 - 2023 Member Contributions	\$ 356,060
Employer # 0331 - 2023 NECE On-behalf Contributions	\$ 645,200

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

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

## ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

### NOTE 10. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued

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

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

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

#### **Additional Actuarial Methods and Assumptions:**

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

#### **Discount Rate**

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

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 10. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued**

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

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	<u>1% Decrease in Discount Rate (2.91%)</u>	<u>Current Single Discount Rate (3.91%)</u>	<u>1% Increase in Discount Rate (4.91%)</u>
District's proportionate share of the Net OPEB Liability	\$ <u>14,603,506</u>	\$ <u>12,385,517</u>	\$ <u>10,588,660</u>

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

At June 30, 2023, the District reported a liability of \$ 12,385,517 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	\$ 12,385,517
State's proportionate share that is associated with the District	<u>15,108,384</u>
Total	\$ <u>27,493,901</u>

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

At August 31, 2023, the employer's proportion of the collective Net OPEB Liability was 0.0517270038%, compared to 0.0533232901% as of August 31, 2022.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Single Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
District's proportionate share of the Net OPEB Liability	\$ <u>10,205,721</u>	\$ <u>12,385,517</u>	\$ <u>15,211,340</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 10. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS - Continued****Changes since the prior Actual Valuation**

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability (TOL) since the prior measurement period:

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 688,591	\$ 10,318,247
Changes in actuarial assumptions	1,886,560	8,604,720
Net difference between projected and actual investment earnings	36,893	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,585,369	931,549
Contributions paid to TRS subsequent to the measurement date	<u>451,195</u>	<u>-</u>
Total	<u>\$ 4,648,608</u>	<u>\$ 19,854,516</u>

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

<u>Measurement Year Ended August 31,</u>	<u>OPEB Expense Amount</u>	<u>Balance of Deferred Outflows (Deferred Inflows)</u>
2023	\$( 2,854,597)	\$( 12,802,506)
2024	( 2,854,463)	( 9,948,043)
2025	( 2,329,243)	( 7,618,800)
2026	( 1,618,171)	( 6,000,629)
2027	( 1,984,756)	( 4,015,873)
Thereafter	( 4,015,873)	-

For the year ended August 31, 2023, the District recognized OPEB expense of \$ (1,443,631) and a negative on-behalf expense and revenue of \$ 2,144,002 for support provided by the State.

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Notes to the Financial Statements**For the Year Ended August 31, 2023***NOTE 11. GENERAL FUND FEDERAL SOURCE REVENUES**

During the current year, federal funds reported in the general Fund were as follows:

Program or Source	Assistance Listing Number	Total
Direct Costs:		
School Health and Related Services (SHARS)	--	\$ 1,441,395
Indirect Costs:		
Title I, Part A - Improving Basic Programs	84.010A	59,167
Title I, Part D, Subpart 2 - Delinquent Programs	84.010A	9,256
IDEA, Part B - Formula	84.027A	71,839
22-23 Perkins V. Strengthening CTE for 21 <sup>st</sup> Century	84.048A	3,408
IDEA, Part B - Preschool	84.173A	1,281
Title III, Part A - English Language Acquisition	84.365A	6,285
Title II, Part A - Supporting Effective Instruction	84.367A	7,832
Title IV, Part A, Subpart 1	84.424A	6,249
COVID-19 CRRSA ESSER II	84.425D	354,352
COVID-19 ARP ESSER III	84.425U	132,658
COVID-19 TCLAS-ESSER III	84.425U	1,068
COVID-19 ARP Homeless II	84.425W	14
National School Lunch Program	10.555	227,368
COVID-19 School Health Support Grant	93.323	13,768
Total		<u>\$ 2,335,940</u>

The School Health and Related Services (SHARS) funds are not considered federal financial assistance for inclusion in the Schedule of Federal Financial Assistance.

**NOTE 12. LOCAL AND INTERMEDIATE REVENUES**

During the year ended August 31, 2023, local and intermediate revenues for governmental funds consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Property taxes	\$ 40,825,107	\$ 19,663,876	\$ -	\$ -	\$ 60,488,983
Investment income	2,079,870	561,341	2,460,332	5,453	5,106,996
Food sales	-	-	-	527,332	527,332
Penalties, interest and other tax related income	300,569	121,571	-	-	422,140
Co-curricular income	175,665	-	-	-	175,665
Gifts and contributions	240,176	-	-	-	240,176
Tuition and fees	52,423	-	-	-	52,423
Enterprising activities	-	-	-	582,721	582,721
Rent	3,190	-	-	-	3,190
Other	<u>1,948,113</u>	<u>-</u>	<u>-</u>	<u>82,777</u>	<u>2,030,890</u>
Totals	<u>\$ 45,625,113</u>	<u>\$ 20,346,788</u>	<u>\$ 2,460,332</u>	<u>\$ 1,198,283</u>	<u>\$ 69,630,516</u>



## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 13. 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.

### **NOTE 14. LITIGATION 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 August 31, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

### **NOTE 15. RISK POOL PARTICIPATION**

The District is a participant in the Texas Association of School Boards, Inc. (TASB) Risk Management Fund for coverage of worker's compensation, unemployment compensation, and casualty insurance.

#### **Workers' Compensation Pool**

During the year ended August 31, 2023, Angleton ISD met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$ 2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year-ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

### **NOTE 15. RISK POOL PARTICIPATION - Continued**

#### **Liability Program**

During the year ended August 31, 2023, Angleton ISD participated in the TASB Risk Management Fund's (the Fund's) Liability Program with coverage in:

Auto Liability  
Auto Physical Damage  
School Liability  
Privacy & Information Security

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Liability Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2023, the Fund anticipates Angleton ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

#### **Unemployment Compensation Pool**

During the year ended August 31, 2023, Angleton ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members. For the year ended August 31, 2023, the Fund anticipates that Angleton ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2022 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

## ANGLETON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

For the Year Ended August 31, 2023

### NOTE 16. JOINT VENTURED-SHARED SERVICE ARRANGEMENTS

The District participates in a Shared Services Arrangement ("SSA") for the hearing impaired through the Brazoria-Fort Bend Cooperative with eleven other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Fort Bend Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Angleton Independent School District. The fiscal manager is responsible for all financial activities of the shared services arrangement. The amount of state revenues and expenditures attributable to the District's participation is not available.

The District reimburses Fort Bend Independent School District for their share of expenditures incurred which exceed the state funded portion. Local revenues are utilized to cover these expenditures. The District included the following expenditures in these financial statements.

Expenditures:

6492	Payments to fiscal agents	\$	45,790
------	---------------------------	----	--------

### NOTE 17. TAX ABATEMENTS

The District enters into appraised value limitations with local businesses under the Texas Economic Development Act (Tax Code Chapter 313). Under the Act, an appraised value limitation is an agreement in which a taxpayer agrees to build or install property and create jobs in exchange for a 10-year limitation on the taxable property value for the District's maintenance and operations tax (M&O) purposes. The minimum limitation value varies by District. The application for a limitation on the appraised value for M&O purposes is submitted directly to the District and requires an application fee that is established by the District. Tax credits are applicable only to applications determined to be complete prior to January 1, 2014. To qualify for a tax credit, a separate application must be submitted to the District after property taxes for the last complete year of the qualifying time period are paid. The credit is for M&O taxes paid in excess of the limitation amount in each complete year of the qualifying time period. The District's tax collector must credit the overage in equal parts over the last seven years of the agreement, but the credit in each year may not exceed 50 percent of the total taxes paid on the qualified property during that year. Any eligible amount not credited during the seven-year period are to be credited over the following three years, but the amount credited in each year may not exceed the total taxes paid on the qualified property in that year.

The District enters into property tax abatement agreements with local businesses. The abatement agreements, which were approved by the District's Board of Trustees, call for a partial or full abatement of property taxes for a range of ten years. The agreements call for a minimal annual fee to be paid during the years of active abatement. The District has the following tax abatement agreements in place which span a total of entities as follows:

Application Number	Project Value	Project's Value Limitation Amount	Amount of Applicant's M&O Taxes Paid	Amount of Applicant's M&O Taxes Reduced	Company Revenue Loss Payments to the District	Company PILOT Payment to District	Net Benefit to the District
1099	\$ 394,792,970	\$ 30,000,000	\$ 256,380	\$ 3,117,521	\$ -	\$ 632,745	\$ 632,745
1192	<u>132,245,790</u>	<u>30,000,000</u>	<u>256,380</u>	<u>873,793</u>	<u>-</u>	<u>349,517</u>	<u>349,517</u>
	<u>\$ 527,038,760</u>	<u>\$ 60,000,000</u>	<u>\$ 512,760</u>	<u>\$ 3,991,314</u>	<u>\$ -</u>	<u>\$ 982,262</u>	<u>\$ 982,262</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Notes to the Financial Statements*

*For the Year Ended August 31, 2023*

**NOTE 18. EVALUATION OF SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 6, 2023, the date which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**ANGLETON INDEPENDENT SCHOOL DISTRICT**

Exhibit G-1

*Schedule Of Revenues, Expenditures, And Changes In Fund Balances -  
Budget and Actual - General Fund  
For the Year Ended August 31, 2023*

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 43,082,209	\$ 43,447,056	\$ 45,625,113	\$ 2,178,057
5800	State program revenues	29,409,791	29,409,791	28,510,184	( 899,607 )
5900	Federal program revenues	1,886,000	1,886,000	2,335,940	449,940
5020	Total revenues	74,378,000	74,742,847	76,471,237	1,728,390
	EXPENDITURES:				
	Current:				
0011	Instruction	42,629,877	43,191,861	42,879,204	312,657
0012	Instructional resources and media services	755,518	875,990	811,834	64,156
0013	Curriculum and staff development	1,889,463	1,958,890	1,861,581	97,309
0021	Instructional leadership	1,422,038	1,437,476	1,403,729	33,747
0023	School leadership	3,675,215	3,684,571	3,639,556	45,015
0031	Guidance, counseling, and evaluation services	2,454,625	2,460,727	2,259,489	201,238
0032	Social work services	405,728	420,094	394,404	25,690
0033	Health services	805,354	862,902	850,290	12,612
0034	Student transportation	3,459,426	3,743,829	2,777,201	966,628
0035	Food service	27,542	27,542	20,318	7,224
0036	Extracurricular activities	1,737,161	2,557,850	2,388,768	169,082
0041	General administration	2,732,333	2,939,845	2,512,560	427,285
0051	Plant maintenance and operations	9,077,698	9,975,751	9,915,848	59,903
0052	Security and monitoring services	2,545,879	2,321,979	1,867,976	454,003
0053	Data processing services	2,293,085	1,793,085	1,664,081	129,004
0061	Community services	-	8,000	-	8,000
	Debt Services:				
0071	Principal on long-term debt	39,058	263,428	237,785	25,643
0072	Interest on long-term debt	-	50,000	42,830	7,170
	Intergovernmental:				
0093	Payments related to shared services arrangements	50,000	45,790	45,790	-
0095	Payments to Juvenile Justice Alternative Education Programs	10,000	10,000	-	10,000
0099	Other governmental charges	350,000	373,609	361,935	11,674
6030	Total expenditures	76,360,000	79,003,219	75,935,179	3,068,040
1100	Excess (deficiency) of revenues over expenditures	( 1,982,000 )	( 4,260,372 )	536,058	4,796,430
	OTHER FINANCING SOURCES:				
7913	Proceeds from right to use leased assets	-	-	492,764	492,764
7949	Proceeds from subscription based IT arrangements	-	-	58,188	58,188
	Total other financing sources	-	-	550,952	550,952
1200	Net change in fund balances	( 1,982,000 )	( 4,260,372 )	1,087,010	5,347,382
0100	Fund balances - beginning	43,985,662	43,982,662	43,982,662	-
3000	Fund balances - ending	\$ 42,003,662	\$ 39,722,290	\$ 45,069,672	\$ 5,347,382

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Schedule of Proportionate Share of the Net Pension Liability  
and Related Ratios - Cost Sharing Employer Plan  
For the Last Ten Measurement Years Ended August 31 (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.0359696%	0.0405504%	0.0387051%	0.0396114%
District's proportionate share of the net pension liability	\$ 21,347,908	\$ 10,324,217	\$ 20,729,662	\$ 20,591,233
State's proportionate share of the net pension liability associated with the District	<u>37,572,343</u>	<u>15,408,968</u>	<u>31,795,635</u>	<u>25,524,555</u>
Total	<u>\$ 58,920,251</u>	<u>\$ 25,733,185</u>	<u>\$ 52,525,297</u>	<u>\$ 46,115,788</u>
District's covered payroll	\$ 51,220,677	\$ 49,367,844	\$ 46,835,742	\$ 42,962,513
District's proportionate share of the net pension liability as a percentage of its covered payroll	41.68%	20.91%	44.26%	47.93%
Plan fiduciary net position as a percentage of total pension liability	75.62%	88.79%	75.54%	75.24%

(1) The first TRS actuarial report was completed for the year ended August 31, 2014 (measurement date), therefore, only nine years of required supplemental information is available.



<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0393234%	0.0380832%	0.0378384%	0.0394455%	0.0264997%
\$ 21,644,556	\$ 12,176,945	\$ 14,298,560	\$ 13,943,459	\$ 7,078,437
<u>32,050,577</u>	<u>19,347,799</u>	<u>22,984,023</u>	<u>21,613,194</u>	<u>18,908,277</u>
<u>\$ 53,695,133</u>	<u>\$ 31,524,744</u>	<u>\$ 37,282,583</u>	<u>\$ 35,556,653</u>	<u>\$ 25,986,714</u>
\$ 41,688,346	\$ 40,205,020	\$ 38,830,560	\$ 37,024,159	\$ 34,928,944
51.92%	30.29%	36.82%	37.66%	20.27%
73.74%	82.17%	78.00%	78.43%	83.25%

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Schedule of Required Pension Contributions -**Cost Sharing Employer Plan**For the Last Ten Years Ended At August 31 (1)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 1,889,265	\$ 1,936,355	\$ 1,730,611	\$ 1,596,985
Contributions in relation to the contractually required contribution	<u>1,889,265</u>	<u>1,936,355</u>	<u>1,730,611</u>	<u>1,596,985</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
District's covered payroll	\$ 54,780,110	\$ 51,220,677	\$ 49,367,844	\$ 46,835,742
Contributions as a percentage of covered payroll	3.45%	3.78%	3.51%	3.41%

(1) - The first TRS actuarial report was completed for the year ended August 31, 2014 (measurement date), therefore, only nine years of required supplemental information is available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,324,706	\$ 1,248,144	\$ 1,202,221	\$ 1,168,000	\$ 671,841
<u>1,324,706</u>	<u>1,248,144</u>	<u>1,202,221</u>	<u>1,168,000</u>	<u>671,841</u>
\$ <u><u>          -</u></u>	\$ <u><u>          -</u></u>	\$ <u><u>          -</u></u>	\$ <u><u>          -</u></u>	\$ <u><u>          -</u></u>
\$ 42,962,513	\$ 41,688,346	\$ 40,205,020	\$ 38,830,560	\$ 37,024,159
3.08%	2.99%	2.99%	3.01%	1.81%

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Schedule of Proportionate Share of the Net OPEB Liability  
and Related Ratios - Cost Sharing Employer Plan  
For the Last Ten Measurement Years Ended August 31 (1)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.0517270%	0.0533233%	0.0514916%	0.0516940%
District's proportionate share of the net OPEB liability	\$ 12,385,517	\$ 20,569,176	\$ 19,574,276	\$ 24,446,706
State's proportionate share of the net OPEB liability associated with the District	<u>15,108,384</u>	<u>27,558,112</u>	<u>26,303,134</u>	<u>32,484,203</u>
Total	<u>\$ 27,493,901</u>	<u>\$ 48,127,288</u>	<u>\$ 45,877,410</u>	<u>\$ 56,930,909</u>
District's covered payroll	\$ 51,220,677	\$ 49,367,844	\$ 46,835,742	\$ 42,962,513
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	24.18%	41.67%	41.79%	56.90%
Plan fiduciary net position as a percentage of total OPEB liability	11.52%	6.18%	4.99%	2.66%

- 1) The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

<u>2018</u>	<u>2017</u>
0.0514283%	0.0492034%
\$ 25,678,638	\$ 21,396,711
<u>35,203,200</u>	<u>31,157,783</u>
<u>\$ 60,881,838</u>	<u>\$ 52,554,494</u>
\$ 41,688,346	\$ 40,205,020
61.60%	53.22%
1.57%	0.91%

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Schedule of Required OPEB Contributions - Cost Sharing**Employer Plan**For the Last Ten Years Ended August 31 (1)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 451,195	\$ 424,855	\$ 416,728	\$ 366,884
Contributions in relation to the contractually required contribution	<u>451,195</u>	<u>424,855</u>	<u>416,728</u>	<u>366,884</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 54,780,110	\$ 51,220,677	\$ 49,367,844	\$ 46,835,742
Contributions as a percentage of covered payroll	0.82%	0.83%	0.84%	0.78%

- 1) This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

<u>2019</u>	<u>2018</u>
\$ 354,782	\$ 255,809
<u>354,782</u>	<u>255,809</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ 42,962,513	\$ 41,688,346
0.83%	0.61%

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## **OTHER SUPPLEMENTARY INFORMATION**

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

August 31, 2023

		Special				
		211	224	225	226	240
		ESEA				National
		Title I				School
		Part A	IDEA	IDEA	IDEA	Breakfast
		Improving	Part B	Part B	Part B	and Lunch
Data						Program
Control						
Codes		Basic Programs	Formula	Preschool	Discretionary	
ASSETS						
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,263,501
1240	Receivables from other governments	307,042	499,940	7,991	-	285,090
1290	Other receivables	-	-	-	-	2,800
1300	Inventories	-	-	-	-	108,060
1410	Prepaid items	-	-	-	-	2,055
1000	Total assets	\$ 307,042	\$ 499,940	\$ 7,991	\$ -	\$ 2,661,506
LIABILITIES AND FUND BALANCES						
Liabilities:						
2110	Accounts payable	\$ -	\$ 3,264	\$ -	\$ -	\$ 216,229
2150	Payroll deductions and withholdings	773	1,545	39	-	4,830
2160	Accrued wages payable	53,253	106,478	2,675	-	113,075
2170	Due to other funds	253,016	388,653	5,277	-	-
2180	Payable to other governments	-	-	-	-	-
2300	Unearned revenue	-	-	-	-	70,437
2000	Total liabilities	307,042	499,940	7,991	-	404,571
Fund Balances:						
Nonspendable:						
3410	Inventories	-	-	-	-	108,060
3430	Prepaid items	-	-	-	-	2,055
Restricted:						
3450	Grant Funds	-	-	-	-	2,146,820
3490	Other purposes	-	-	-	-	-
3000	Total fund balances	-	-	-	-	2,256,935
4000	Total liabilities and fund balances	\$ 307,042	\$ 499,940	\$ 7,991	\$ -	\$ 2,661,506

Revenue Funds

244	255	263	272	279	280	281	282
Career and Technical Education Basic Grant	ESEA, Title II Part A: Teacher and Principal Training and Recruiting	English Language Acquisition and Language Enhancement	Medicaid Administrative Claiming Program	TCLAS ESSER III Grant	ARP ESSER Fund Homeless II Children and Youth	ESSER II Grant	ESSER III Grant
\$ -	\$ -	\$ -	\$ 24,312	\$ -	\$ -	\$ 1,131,368	\$ -
11,231	46,578	33,782	14,750	20,906	79	354,352	1,299,950
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 11,231</u>	<u>\$ 46,578</u>	<u>\$ 33,782</u>	<u>\$ 39,062</u>	<u>\$ 20,906</u>	<u>\$ 79</u>	<u>\$ 1,485,720</u>	<u>\$ 1,299,950</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65	\$ -	\$ 2,100
-	-	132	-	-	-	-	2,919
-	-	9,136	-	-	-	-	204,873
11,231	46,578	24,514	39,062	20,906	14	934,155	1,090,058
-	-	-	-	-	-	500,831	-
-	-	-	-	-	-	50,734	-
<u>11,231</u>	<u>46,578</u>	<u>33,782</u>	<u>39,062</u>	<u>20,906</u>	<u>79</u>	<u>1,485,720</u>	<u>1,299,950</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 11,231</u>	<u>\$ 46,578</u>	<u>\$ 33,782</u>	<u>\$ 39,062</u>	<u>\$ 20,906</u>	<u>\$ 79</u>	<u>\$ 1,485,720</u>	<u>\$ 1,299,950</u>

(continued)

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

August 31, 2023

Data Control Codes		Special				
		289 Federally Funded Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials Fund	429 State Funded Special Revenue Funds	461 Campus Activity Funds
	ASSETS					
1110	Cash and cash equivalents	\$ -	\$ 1,129	\$ 10,068	\$ -	\$ 119,817
1240	Receivables from other governments	16,140	-	106,180	8,799	-
1290	Other receivables	-	-	-	-	-
1300	Inventories	-	-	-	-	-
1410	Prepaid items	-	-	-	-	-
1000	Total assets	<u>\$ 16,140</u>	<u>\$ 1,129</u>	<u>\$ 116,248</u>	<u>\$ 8,799</u>	<u>\$ 119,817</u>
	LIABILITIES AND FUND BALANCES					
	Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 3,495	\$ -	\$ 4,661
2150	Payroll deductions and withholdings	-	-	-	-	-
2160	Accrued wages payable	-	-	-	-	-
2170	Due to other funds	15,824	-	-	5,503	10,258
2180	Payable to other governments	-	-	-	-	-
2300	Unearned revenue	<u>316</u>	<u>1,129</u>	<u>112,753</u>	<u>3,296</u>	<u>-</u>
2000	Total liabilities	<u>16,140</u>	<u>1,129</u>	<u>116,248</u>	<u>8,799</u>	<u>14,919</u>
	Fund Balances:					
	Nonspendable:					
3410	Inventories	-	-	-	-	-
3430	Prepaid items	-	-	-	-	-
	Restricted:					
3450	Grant Funds	-	-	-	-	-
3490	Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,898</u>
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,898</u>
4000	Total liabilities and fund balances	<u>\$ 16,140</u>	<u>\$ 1,129</u>	<u>\$ 116,248</u>	<u>\$ 8,799</u>	<u>\$ 119,817</u>

Revenue Funds  
480

Stadium Operations	Total Nonmajor Governmental Funds
\$ 30,103	\$ 3,580,298
-	3,012,810
-	2,800
-	108,060
-	2,055
<u>\$ 30,103</u>	<u>\$ 6,706,023</u>

\$ 6,572	\$ 236,386
-	10,238
-	489,490
15,850	2,860,899
-	500,831
-	238,665
<u>22,422</u>	<u>4,336,509</u>

-	108,060
-	2,055
-	2,146,820
<u>7,681</u>	<u>112,579</u>
<u>7,681</u>	<u>2,369,514</u>
<u>\$ 30,103</u>	<u>\$ 6,706,023</u>

# ANGLETON INDEPENDENT SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended August 31, 2023

Data Control Codes		211	224	225	226	Special 240
		ESEA Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B Discretionary	National School Breakfast and Lunch Program
	REVENUES:					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ 554,734
5800	State program revenues	-	-	-	-	45,270
5900	Federal program revenues	<u>1,292,877</u>	<u>1,343,610</u>	<u>24,402</u>	<u>125,176</u>	<u>4,850,907</u>
5020	Total revenues	<u>1,292,877</u>	<u>1,343,610</u>	<u>24,402</u>	<u>125,176</u>	<u>5,450,911</u>
	EXPENDITURES:					
	Current:					
0011	Instruction	1,033,763	940,808	24,402	125,176	-
0012	Instructional resources and media services	-	-	-	-	-
0013	Curriculum and staff development	257,443	-	-	-	-
0021	Instructional leadership	-	-	-	-	-
0023	School leadership	1,671	-	-	-	-
0031	Guidance, counseling and evaluation services	-	459,412	-	-	-
0032	Social work services	-	-	-	-	-
0033	Health services	-	-	-	-	-
0034	Student transportation	-	-	-	-	-
0035	Food Service	-	-	-	-	4,574,759
0036	Extracurricular activities	-	-	-	-	-
0041	General administration	-	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	-
0053	Data processing services	-	-	-	-	-
	Debt Service:					
0071	Principal on long-term debt	-	28,362	-	-	-
0072	Interest on long-term debt	<u>-</u>	<u>3,948</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>1,292,877</u>	<u>1,432,530</u>	<u>24,402</u>	<u>125,176</u>	<u>4,574,759</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>( 88,920 )</u>	<u>-</u>	<u>-</u>	<u>876,152</u>
	OTHER FINANCING SOURCES:					
7949	Proceeds from subscription based IT arrangements	<u>-</u>	<u>88,920</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total other financing sources	<u>-</u>	<u>88,920</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net changes in fund balances	-	-	-	-	876,152
0100	Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,380,783</u>
3000	Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,256,935</u>

Revenue Funds

244	255	263	272	279	280	281	282
Career and Technical Education Basic Grant	ESEA, Title II Part A: Teacher and Principal Training and Recruiting	English Language Acquisition and Language Enhancement	Medicaid Administrative Claiming Program	TCLAS ESSER III Grant	ARP ESSER Fund Homeless II Children and Youth	ESSER II Grant	ESSER III Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	13,987	105,210
<u>78,571</u>	<u>138,823</u>	<u>119,123</u>	<u>41,854</u>	<u>19,837</u>	<u>262</u>	<u>754,324</u>	<u>2,383,805</u>
<u>78,571</u>	<u>138,823</u>	<u>119,123</u>	<u>41,854</u>	<u>19,837</u>	<u>262</u>	<u>768,311</u>	<u>2,489,015</u>
36,174	5,594	101,524	39,062	-	262	483,009	1,605,600
-	-	-	-	-	-	129	7,000
-	133,229	17,599	-	19,837	-	155,864	606,504
-	-	-	-	-	-	1,300	12,000
-	-	-	-	-	-	1,682	43,000
42,397	-	-	-	-	-	1,314	30,713
-	-	-	-	-	-	26,175	60,128
-	-	-	-	-	-	1,793	15,070
-	-	-	-	-	-	1,608	38,000
-	-	-	-	-	-	2,360	56,000
-	-	-	-	-	-	83	3,000
-	-	-	2,792	-	-	8,658	12,000
-	-	-	-	-	-	60,416	-
-	-	-	-	-	-	13,537	-
-	-	-	-	-	-	10,383	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>78,571</u>	<u>138,823</u>	<u>119,123</u>	<u>41,854</u>	<u>19,837</u>	<u>262</u>	<u>768,311</u>	<u>2,489,015</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Combining Statement of Revenues, Expenditures**and Changes in Fund Balances - Nonmajor Governmental Funds**For the Year Ended August 31, 2023*

Data Control Codes		Special				
		289 Federally Funded Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials Fund	429 State Funded Special Revenue Funds	461 Campus Activity Funds
	REVENUES:					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ 582,721
5800	State program revenues	-	406	223,728	187,669	449
5900	Federal program revenues	<u>217,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5020	Total revenues	<u>217,475</u>	<u>406</u>	<u>223,728</u>	<u>187,669</u>	<u>583,170</u>
	EXPENDITURES:					
	Current:					
0011	Instruction	63,254	-	223,728	9,961	16,989
0012	Instructional resources and media services	-	-	-	-	12,136
0013	Curriculum and staff development	-	406	-	25,425	-
0021	Instructional leadership	-	-	-	-	-
0023	School leadership	-	-	-	-	-
0031	Guidance, counseling and evaluation services	90,702	-	-	-	-
0032	Social work services	-	-	-	-	198
0033	Health services	31,398	-	-	-	-
0034	Student transportation	-	-	-	-	-
0035	Food service	-	-	-	-	-
0036	Extracurricular activities	-	-	-	-	543,516
0041	General administration	-	-	-	-	-
0051	Plant maintenance and operations	32,121	-	-	-	-
0052	Security and monitoring services	-	-	-	152,283	-
0053	Data processing services	-	-	-	-	-
	Debt Service:					
0071	Principal on long-term debt	-	-	-	-	-
0072	Interest on long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>217,475</u>	<u>406</u>	<u>223,728</u>	<u>187,669</u>	<u>572,839</u>
1100	Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,331</u>
	OTHER FINANCING SOURCES:					
7949	Proceeds from subscription based IT arrangements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net changes in fund balances	-	-	-	-	10,331
0100	Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,567</u>
3000	Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,898</u>



Revenue Funds  
480

Stadium Operations	Total Nonmajor Governmental Funds
\$ 60,828	\$ 1,198,283
729	577,448
-	11,391,046
61,557	13,166,777
-	4,709,306
-	19,265
-	1,216,307
-	13,300
-	46,353
-	624,538
-	86,501
-	48,261
-	39,608
52,284	4,685,403
-	546,599
-	23,450
-	92,537
-	165,820
-	10,383
-	28,362
-	3,948
52,284	12,359,941
9,273	806,836
-	88,920
-	88,920
9,273	895,756
( 1,592 )	1,473,758
\$ 7,681	\$ 2,369,514

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Schedule of Delinquent Taxes Receivable**For the Year Ended August 31, 2023*

Last Ten Years Ended August 31,	1		2		3		10	
	Tax Rates				Assessed/Appraised Value for School Tax Purposes		Beginning Balance September 1, 2022	
	Maintenance		Debt Service					
2014 and Prior	\$	Various	\$	Various	\$	Various	\$	439,250
2015		1.0400		0.4152		2,209,471,508		48,109
2016		1.0400		0.4152		2,299,289,857		47,536
2017		1.0400		0.4152		2,339,919,667		66,037
2018		1.0400		0.4152		2,400,545,492		80,003
2019		1.0400		0.4152		2,730,758,521		92,933
2020		0.9700		0.4152		2,966,517,326		134,230
2021		0.9161		0.4152		3,371,918,801		227,576
2022		0.8720		0.3950		4,093,034,412		561,509
2023 (School Year Under Audit)		0.8546		0.3750		4,668,403,686		-
1000 Totals							\$	<u>1,697,183</u>

20	31	32	40	50
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance August 31, 2023
\$ -	\$ 34,850	\$ 9,320	\$( 127,440 )	\$ 267,640
-	3,683	1,470	( 11,023 )	31,933
-	3,243	1,295	( 11,948 )	31,050
-	6,840	2,731	( 9,134 )	47,332
-	10,113	4,037	( 12,190 )	53,663
-	13,703	5,470	( 10,760 )	63,000
-	30,021	12,850	( 11,746 )	79,613
-	56,888	25,783	( 17,773 )	127,132
-	208,623	94,502	( 57,264 )	201,120
<u>58,465,167</u>	<u>41,604,984</u>	<u>20,007,736</u>	<u>3,922,639</u>	<u>775,086</u>
<u>\$ 58,465,167</u>	<u>\$ 41,972,948</u>	<u>\$ 20,165,194</u>	<u>\$ 3,653,361</u>	<u>\$ 1,677,569</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

Exhibit J-2

*Schedule of Revenues, Expenditures, and Changes in Fund Balances**Budget and Actual - National School Breakfast and Lunch Fund**For the Year Ended August 31, 2023*

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 296,700	\$ 296,700	\$ 554,734	\$ 258,034
5800	State program revenues	31,000	31,000	45,270	14,270
5900	Federal program revenues	<u>4,410,000</u>	<u>4,747,488</u>	<u>4,850,907</u>	<u>103,419</u>
5020	Total revenues	<u>4,737,700</u>	<u>5,075,188</u>	<u>5,450,911</u>	<u>375,723</u>
	EXPENDITURES:				
	Current:				
0035	Food service	<u>4,737,700</u>	<u>5,075,188</u>	<u>4,574,759</u>	<u>500,429</u>
6030	Total expenditures	<u>4,737,700</u>	<u>5,075,188</u>	<u>4,574,759</u>	<u>500,429</u>
1200	Net change in fund balances	-	-	876,152	876,152
0100	Fund balances - beginning	<u>1,380,783</u>	<u>1,380,783</u>	<u>1,380,783</u>	-
3000	Fund balances - ending	<u>\$ 1,380,783</u>	<u>\$ 1,380,783</u>	<u>\$ 2,256,935</u>	<u>\$ 876,152</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

Exhibit J-3

*Schedule of Revenues, Expenditures, and Changes in Fund Balances**Budget and Actual - Debt Service Fund**For the Year Ended August 31, 2023*

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and intermediate sources	\$ 19,722,304	\$ 19,722,304	\$ 20,346,788	\$ 624,484
5800	State program revenues	<u>668,602</u>	<u>668,602</u>	<u>348,603</u>	<u>( 319,999 )</u>
5020	Total revenues	<u>20,390,906</u>	<u>20,390,906</u>	<u>20,695,391</u>	<u>304,485</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on long-term debt	15,027,413	15,427,500	15,427,500	-
0072	Interest on long-term debt	5,350,493	6,951,972	6,951,972	-
0073	Bond issuance costs and fees	<u>13,000</u>	<u>1,011,434</u>	<u>816,774</u>	<u>194,660</u>
6030	Total expenditures	<u>20,390,906</u>	<u>23,390,906</u>	<u>23,196,246</u>	<u>194,660</u>
1100	Deficiency of revenues over expenditures	<u>-</u>	<u>( 3,000,000 )</u>	<u>( 2,500,855 )</u>	<u>499,145</u>
	OTHER FINANCING SOURCES:				
7916	Premium on bonds	<u>-</u>	<u>-</u>	<u>830,595</u>	<u>830,595</u>
	Total other financing sources	<u>-</u>	<u>-</u>	<u>830,595</u>	<u>830,595</u>
1200	Net change in fund balances	<u>-</u>	<u>( 3,000,000 )</u>	<u>( 1,670,260 )</u>	<u>1,329,740</u>
0100	Fund balances - beginning	<u>8,881,637</u>	<u>8,881,637</u>	<u>8,881,637</u>	<u>-</u>
3000	Fund balances - ending	<u>\$ 8,881,637</u>	<u>\$ 5,881,637</u>	<u>\$ 7,211,377</u>	<u>\$ 1,329,740</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Schedule of Compensatory Education Program and Bilingual Education Program  
For the Year Ended August 31, 2023*

Exhibit J-4

<u>Data Code</u>	<u>Section A: Compensatory Education Programs</u>	<u>Responses</u>
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.	\$ <u>7,134,071</u>
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)	\$ <u>3,926,922</u>
<u>Data Code</u>	<u>Section B: Bilingual Education Programs</u>	<u>Responses</u>
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.	\$ <u>785,085</u>
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ <u>435,159</u>

## **FEDERAL AWARDS SECTION**

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### Independent Auditor's Report

On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on  
an Audit of Financial Statements Performed in Accordance With *Government Auditing  
Standards*

To the Board of Trustees  
Angleton Independent School District  
Angleton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Angleton Independent School District (the "District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated December 6, 2023.

### **Report on Internal Control over Financial Reporting**

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

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

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

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## **Report on Compliance and Other Matters**

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

## **Purpose of This Report**

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

***KM&L, LLC***

Lake Jackson, Texas  
December 6, 2023



## Independent Auditor's Report

On Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees  
Angleton Independent School District  
Angleton, Texas

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***KM&L, LLC***

Lake Jackson, Texas  
December 6, 2023

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## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

### *Schedule of Findings and Questioned Costs*

*For the Year Ended August 31, 2023*

#### **I. Summary of auditor's results:**

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings, required to be reported in this schedule, was disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None.
4. No internal control findings, required to be reported in this schedule, were disclosed in the audit of major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a): No.
7. Major programs include:
  - Title I Programs
    - Title I, Part A, Improving Basic Programs - ALN 84.010A
    - Title I - Part D, Subpart 2 - Delinquent Programs - ALN 84.010A
  - Education Stabilization Fund
    - CRRSA ESSER II - ALN 84.425D
    - ARP ESSER III - ALN 84.425U
    - TCLAS ESSER III - ALN 84.425U
    - ARP Homeless II - ALN 84.425W
8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000
9. Low risk auditee: Yes.

#### **II. Findings related to the financial statements**

The audit disclosed no findings required to be reported.

#### **III. Findings and questioned costs related to the federal awards.**

The audit disclosed no findings required to be reported.

*Because We're  
Wildcats!*



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In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs.
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.

#### ANGLETON INDEPENDENT SCHOOL DISTRICT...A TRADITION OF EXCELLENCE

is the policy of the Angleton Independent School District not to discriminate on the basis of race, color, national origin, sex, handicap, or age as required by Title VI of the Civil Rights Act of 1964, as amended; Title I of the Education Amendments of 1972; the Age Discrimination Act of 1975, as amended; and Section 504 of the Rehabilitation Act of 1973, as amended.  
s norma de Angleton Independent School District no discriminar por motivos de raza, color, origen nacional, sexo, impedimento o edad tal como lo requieren el Título VI de la Ley de Derechos Civiles de 1964, según enmienda; el Título IX de las Enmiendas en la Educación, de 1972, la ley de Discriminación por Edad, de 1975, según enmienda, y la Sección 504 de la Ley de Rehabilitación de 1973, según enmienda.



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In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding, included in the current year auditor's reports. The corrective action plan is as follows:

None.

#### **ANGLETON INDEPENDENT SCHOOL DISTRICT...A TRADITION OF EXCELLENCE**

is the policy of the Angleton Independent School District not to discriminate on the basis of race, color, national origin, sex, handicap, or age as required by Title VI of the Civil Rights Act of 1964, as amended; Title I of the Education Amendments of 1972; the Age Discrimination Act of 1975, as amended; and Section 504 of the Rehabilitation Act of 1973, as amended.  
s norma de Angleton Independent School District no discriminar por motivos de raza, color, origen nacional, sexo, impedimento o edad tal como lo requieren el Título VI de la Ley de Derechos Civiles de 1964, según enmienda; el Título IX de las Enmiendas en la Educación, de 1972, la ley de Discriminación por Edad, de 1975, según enmienda, y la Sección 504 de la Ley de Rehabilitación de 1973, según enmienda.

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2023*

Exhibit K-1  
Page 1 of 3

(1)	(2)	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number		
<u>U.S. Department of Education</u>			
Passed Through Texas Education Agency:			
Title I, Part A, Improving Basic Programs	84.010A	23610101020902	\$ 1,105,245
Title I, Part A, Improving Basic Programs	84.010A	24610101020902	71,550
Title I, Part D, Subpart 2 - Delinquent Programs	84.010A	23610103020902	170,664
Title I, Part D, Subpart 2 - Delinquent Programs	84.010A	24610103020902	13,841
			<u>1,361,300</u>
Passed Through Texas Education Agency:			
IDEA Part B, Formula**	84.027A	236600010209026600	1,307,427
IDEA Part B, Formula **	84.027A	246600010209026600	108,022
IDEA Part B, High Cost Fund **	84.027A	66002306	125,176
			<u>1,540,625</u>
Passed Through Texas Education Agency:			
22-23 Perkins V. Strengthening CTE for 21 <sup>st</sup> Century	84.048A	23420006020902	81,979
			<u>81,979</u>
Passed Through Texas Education Agency:			
IDEA Part B, Preschool**	84.173A	236610010209026610	22,969
IDEA Part B, Preschool**	84.173A	246610010209026610	2,714
			<u>25,683</u>
Passed Through Texas Education Agency:			
Title III, Part A - English Language Acquisition	84.365A	23671001020902	116,139
Title III, Part A - English Language Acquisition	84.365A	24671001020902	9,269
			<u>125,408</u>
Passed Through Texas Education Agency:			
Title II, Part A - Supporting Effective Instruction	84.367A	23694501020902	138,779
Title II, Part A - Supporting Effective Instruction	84.367A	24694501020902	7,876
			<u>146,655</u>
Passed Through Texas Education Agency:			
Summer School LEP	84.369A	69552102	4,317
Summer School LEP	84.369A	69552202	4,438
			<u>8,755</u>
Passed Through Texas Education Agency:			
Title IV, Part A, Subpart 1	84.424A	23680101020902	118,546
Title IV, Part A, Subpart 1	84.424A	24680101020902	5,015
			<u>123,561</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2023*

Exhibit K-1  
Page 2 of 3

(1)	(2)	(2A) Pass-Through Entity Identifying Number	(3)  Federal Expenditures
Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number		
<u>U.S. Department of Education - Continued</u>			
Passed Through Texas Education Agency:			
COVID-19 CRRSA ESSER II	84.425D	21521001020902	1,108,676
COVID-19 ARP ESSER III	84.425U	21528001020902	2,516,463
COVID-19 TCLAS - ESSER III	84.425U	21528042020902	20,905
COVID-19 ARP Homeless II	84.425W	21533002020902	276
			<u>3,646,320</u>
 TOTAL U.S. DEPARTMENT OF EDUCATION			 \$ <u>7,060,286</u>
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Commodity Supplement Program*	10.555	---	\$ 426,045
Passed Through Texas Education Agency:			
School Breakfast Program*	10.553	71402201	133,435
School Breakfast Program*	10.553	71402301	954,956
National School Lunch Program*	10.555	71302201	360,504
National School Lunch Program*	10.555	71302301	2,667,244
Passed Through Texas Department of Agriculture:			
Supply Chain Assistance (SCA) *	10.555	236TX400N8903	335,934
			<u>4,878,118</u>
 Passed Through Texas Department of Agriculture:			
Child and Adult Care Food Program	10.558	236TX332N1099	200,157
			<u>200,157</u>
 TOTAL U.S. DEPARTMENT OF AGRICULTURE			 \$ <u>5,078,275</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through Texas Education Agency:			
COVID-19 School Health Support Grant	93.323	39352201	\$ 105,176
 Passed Through Texas Health and Human Services Commission:			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000884900001	41,854
 TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			 \$ <u>147,030</u>
 TOTAL FEDERAL ASSISTANCE			 \$ <u>12,285,591</u>

**ANGLETON INDEPENDENT SCHOOL DISTRICT***Schedule of Expenditures of Federal Awards**For the Year Ended August 31, 2023*

Exhibit K-1

Page 3 of 3

## RECONCILIATION:

Federal program revenues (Exhibit C-3)	\$ 13,726,986
Less: School Health and Related Services (SHARS) not considered Federal revenue for the Schedule of Federal Awards	( <u>1,441,395</u> )
Total federal financial assistance (Schedule of Expenditures of Federal Awards)	\$ <u><u>12,285,591</u></u>

\* - Child Nutrition Cluster Program

\*\* - Special Education Cluster Program

See notes to supplemental Schedule of Expenditures of Federal Awards.

## **ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Notes on Accounting Policies For Federal Awards  
For the Year Ended August 31, 2023*

### **NOTE 1. BASIS OF ACCOUNTING**

The District accounts for all awards under federal programs in the General and certain special revenue funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

Commodity Supplement (ALN 10.555) received like kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of goods received was \$ 428,054, while the monetary value of goods used and recognized as income and expenditures was \$ 426,045.

### **NOTE 2. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended August 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

### **NOTE 3. FEDERAL INDIRECT RATE**

The District does not use 10% de minimis cost rate as described in Section 200.414 of the Uniform Guidance.

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## **SCHEDULE FOR ELECTRONIC FILING**

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**ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Required Responses To Selected School First Indicators*  
August 31, 2023

Schedule L-1  
Page 1 of 2

Code	Questions	Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF 3	<p>Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)</p> <p>Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.</p> <p>Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.</p>	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes

**ANGLETON INDEPENDENT SCHOOL DISTRICT**

*Required Responses To Selected School First Indicators*  
August 31, 2023

Schedule L-1  
Page 2 of 2

<u>Code</u>	<u>Questions</u>	<u>Responses</u>
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in the government-wide financial statements at fiscal year-end.	\$ -0-