

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

YEAR ENDED AUGUST 31, 2022

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CPAs | ADVISORS

CLIENT **FOCUSED.** RELATIONSHIP **DRIVEN.**



LAGO VISTA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT

For the year ended August 31, 2022

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INTRODUCTORY SECTION



CERTIFICATE OF BOARD

Lago Vista Independent School District
Name of School District


Travis
County

227-912
Co. Dist. Number

We, the undersigned, certify that the attached annual financial report of the above-named school district was reviewed and (check one) approved disapproved for the year ended August 31, 2022 at a meeting of the Board of Trustees of such school district on the 19th day of January, 2023.



Signature of Board Secretary



Signature of Board President

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



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of School Trustees of
Lago Vista Independent School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lago Vista Independent School District as of August 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund statements and schedules, 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 fund statements and schedules, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023, on our consideration of Lago Vista Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lago Vista Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lago Vista Independent School District's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
January 19, 2023



LAGO VISTA INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 31, 2022

In this section of the annual financial and compliance report, we, the managers of Lago Vista Independent School District (the "District") discuss and analyze the financial performance of the District for the fiscal year ended August 31, 2022. Please read this information in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position for governmental activities increased by \$3,577,349 as a result of this year's current operations, to end at \$13,309,335.
- Total governmental funds of the District reported an overall fund balance decrease of \$(25,784,650) to end at \$25,387,943.
- The general fund of the District reported a fund balance increase of \$79,871 for the year, to end at \$7,477,430.

OVERVIEW OF THE FINANCIAL SECTION

The financial section is the most substantial part of this annual financial and compliance report. It consists of the independent auditor's report, management's discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

Independent Auditor's Report

State law requires the District's financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted 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. The District received an unmodified opinion on its financial statements this year.

Management's Discussion and Analysis

The management's discussion and analysis (MD&A) section of this report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

Basic Financial Statements

The basic financial statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

Required Supplementary Information

The previously discussed management's discussion and analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's child nutrition and debt service functions.

OVERVIEW OF THE FINANCIAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Schedule of Findings and Questioned Costs

The schedule of findings and questioned costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists any audit findings reported by the audit firm for the year.

REPORTING ON THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the statement of net position and the statement of activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The statement of net position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the statement of activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the statement of net position and the statement of activities, school districts divide up their financial activities as follows:

- Governmental activities – school districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administrative. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – school districts may charge a fee to “customers” to help it cover all or most of the cost of services it provides for childcare programs or other activities that closely model a business venture.

REPORTING ON THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the statement of net position and statement of activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the statement of net position and the statement of activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements, but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

The District as a Trustee

Reporting the District’s Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table I) and changes in net position (Table II) of the District’s governmental activities and business-type activities.

Net position of the District’s governmental activities increased from \$9,731,986 to \$13,309,335. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$(378,925) at August 31, 2022. The increase in governmental net position by approximately \$3,577,349 differs from the decrease in the fund balance of governmental funds of \$(25,387,943) primarily due to the expenditures for capital outlay and debt service principal payments not treated as expenses within the governmental activities financial statements. The District’s net position for business-type activities decreased by \$69,144.

TABLE I
LAGO VISTA INDEPENDENT SCHOOL DISTRICT
NET POSITION
For Fiscal Years Ended August 31,

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
Current and other assets	\$ 27,742,435	\$ 52,938,213	\$ (25,195,778)	\$ -	\$ 73,520	\$ (73,520)
Capital assets, net	74,615,030	50,127,158	24,487,872	244,483	257,351	(12,868)
Total assets	<u>102,357,465</u>	<u>103,065,371</u>	<u>(707,906)</u>	<u>244,483</u>	<u>330,871</u>	<u>(86,388)</u>
Deferred outflows of resources	<u>2,691,318</u>	<u>2,818,345</u>	<u>(127,027)</u>	<u>25,417</u>	<u>-</u>	<u>25,417</u>
Current liabilities	1,800,483	1,645,310	155,173	170,496	267,093	(96,597)
Long-term liabilities	84,368,889	90,159,065	(5,790,176)	55,754	-	55,754
Total liabilities	<u>86,169,372</u>	<u>91,804,375</u>	<u>(5,635,003)</u>	<u>226,250</u>	<u>267,093</u>	<u>(40,843)</u>
Deferred inflows of resources	<u>5,570,076</u>	<u>4,347,355</u>	<u>1,222,721</u>	<u>49,016</u>	<u>-</u>	<u>49,016</u>
Net position:						
Net investment in capital assets	10,663,548	7,951,382	2,712,166	244,483	257,351	(12,868)
Restricted	3,024,712	2,865,584	159,128	-	-	-
Unrestricted	(378,925)	(1,084,980)	706,055	(249,849)	(193,573)	(56,276)
Total net position	<u>\$ 13,309,335</u>	<u>\$ 9,731,986</u>	<u>\$ 3,577,349</u>	<u>\$ (5,366)</u>	<u>\$ 63,778</u>	<u>\$ (69,144)</u>

TABLE II
LAGO VISTA INDEPENDENT SCHOOL DISTRICT
CHANGE IN NET POSITION
For Fiscal Years Ended August 31,

	Governmental Activities			Business-Type Activities		
	2022	2021	Change	2022	2021	Change
REVENUES						
Program revenues:						
Charges for services	\$ 499,943	\$ 329,282	\$ 170,661	\$ 142,636	\$ 165,619	\$ (22,983)
Operating grants and contributions	1,820,299	1,176,471	643,828	25,005	-	(25,005)
General revenues:						
Maintenance and operations taxes	19,669,352	18,110,199	1,559,153	-	-	-
Debt service taxes	7,116,151	5,017,744	2,098,407	-	-	-
State aid - formula grants	949,348	820,275	129,073	-	-	-
Grants and contributions, not restricted	249,723	1,043,022	(793,299)	-	8,344	8,344
Investment earnings	290,498	37,924	252,574	-	-	-
Miscellaneous	139,474	105,074	34,400	-	-	-
Total revenues	30,734,788	26,639,991	4,094,797	167,641	173,963	(39,644)
EXPENSES						
Instruction	10,441,059	10,432,156	8,903	-	-	-
Instr. resources and media services	96,587	103,614	(7,027)	-	-	-
Curriculum and staff development	26,148	16,241	9,907	-	-	-
Instructional leadership	323,416	270,091	53,325	-	-	-
School leadership	1,132,212	1,048,817	83,395	-	-	-
Guidance/counseling services	518,300	745,241	(226,941)	-	-	-
Health services	179,295	182,401	(3,106)	-	-	-
Student transportation	744,445	614,501	129,944	-	-	-
Food services	1,072,861	304,035	768,826	-	-	-
Cocurricular/extracurricular activities	1,105,341	954,645	150,696	-	-	-
General administration	851,666	848,010	3,656	-	-	-
Plant maintenance and operations	2,331,292	1,885,990	445,302	-	-	-
Security and monitoring services	7,208	11,504	(4,296)	-	-	-
Data processing services	467,210	403,463	63,747	-	-	-
Community services	-	2,005	(2,005)	-	-	-
Debt service	2,728,179	1,487,570	1,240,609	-	-	-
Contracted instructional resources	5,021,415	4,835,297	186,118	-	-	-
Other intergovernmental charges	110,805	100,421	10,384	-	-	-
Business-type activities	-	-	-	236,785	134,794	101,991
Total expenses	27,157,439	24,246,002	2,911,437	236,785	134,794	101,991
Change in net position	3,577,349	2,393,989	1,183,360	(69,144)	39,169	(108,313)
Net position at September 1,	9,731,986	7,337,997	(2,393,989)	63,778	24,609	-
Net position at August 31,	<u>\$ 13,309,335</u>	<u>\$ 9,731,986</u>	<u>\$ 3,577,349</u>	<u>\$ (5,366)</u>	<u>\$ 63,778</u>	<u>\$ -</u>

THE DISTRICT'S FUNDS

As the District completed this annual period, the general fund reported a fund balance of \$7,477,430, which is \$79,871 more than last year's total of \$7,397,559. The increase in fund balance is mainly attributable to lower than budgeted operational expenditures during the year.

The District's debt service fund reported a fund balance of \$2,758,902 which is \$83,507 more than last year's total of \$2,675,395. The debt service fund balance was more at August 31, 2022, as compared to the prior year end due to local and state revenues exceeding expectations during the year. The purpose of the debt service fund is to provide for the payment of bond principal and interest payments as it becomes due.

The District's other governmental funds reported combined ending fund balances of \$519,919. This combined balance is \$107,871 more than the previous year.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by the management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. There was one budget amendment made during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

As of August 31, 2022, the District's governmental activities had \$74,615,030 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The District's business-type activities had \$244,483 (net of accumulated depreciation) invested in buildings and improvements.

The summary of the ending balances of capital assets by major category for both 2022 and 2021 is as follows:

	CAPITAL ASSETS August 31,		Increase (Decrease)
	2022	2021	
<u>GOVERNMENTAL ACTIVITIES</u>			
Land	\$ 1,111,647	\$ 1,111,647	\$ -
Construction in progress	29,604,989	3,659,893	25,945,096
Buildings and improvements	65,730,998	65,730,998	-
Furniture and equipment	2,929,806	2,581,590	348,216
Total	99,377,440	73,084,128	26,293,312
Less accumulated depreciation	(24,762,410)	(22,956,970)	(1,805,440)
Capital assets, net of depreciation	\$ 74,615,030	\$ 50,127,158	\$ 24,487,872
 <u>BUSINESS-TYPE ACTIVITIES</u>			
Buildings and improvements	\$ 257,351	\$ 257,351	\$ -
Less accumulated depreciation	(12,868)	-	(12,868)
Capital assets, net of depreciation	\$ 244,483	\$ 257,351	\$ (12,868)

DEBT

At year end, the District had \$78,203,255 in bonds outstanding versus \$82,458,120 last year. The decrease is attributable to payments on debt service during the fiscal year.

A summary of the ending balances of long-term debt by type for both 2022 and 2021 is as follows:

	Governmental Activities <u>2022</u>	Governmental Activities <u>2021</u>	Increase (Decrease) <u></u>
General obligation and refunding bonds	\$ 66,418,455	\$ 69,645,601	\$ (3,227,146)
Capital appreciation bonds	3,783,422	4,328,159	(544,737)
Premium on issuance of bonds	8,001,378	8,484,360	(482,982)
Total	<u>\$ 78,203,255</u>	<u>\$ 82,458,120</u>	<u>\$ (4,254,865)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2022-2023 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a general fund budget of \$35.7 million for the 2022-2023 fiscal year. This reflects an increase of \$12.8 million in budgeted expenditures from fiscal year 2021-2022 to 2022-2023.

For the 2022-2023 budget year, the District has increased its maintenance and operations tax rate at \$0.864 per hundred of taxable value. The District has the capability to call a tax ratification election which could authorize up to \$1.0536 cents for maintenance and operations. The District has no current plans to call a tax ratification election. The District adopted a debt service tax rate of \$0.32 for the 2022-2023 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for 2022-2023 budget year is \$1.184 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Lago Vista Independent School District, 8039 Bar-K Ranch Road, Lago Vista, Texas 78645, or by calling (512) 267-8300.



BASIC FINANCIAL STATEMENTS

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

August 31, 2022

EXHIBIT A-1

DATA CONTROL CODES		PRIMARY GOVERNMENT		
		1	2	3
		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
	ASSETS			
1110	Cash and cash equivalents	\$ 374,470	\$ -	\$ 374,470
1120	Current investments	25,539,895	-	25,539,895
1225	Property taxes receivable, net	658,260	-	658,260
1240	Due from other governments	1,006,629	-	1,006,629
1260	Internal balances	160,481	(160,481)	-
1290	Other receivables, net	2,700	-	2,700
	Capital assets:			
1510	Land	1,111,647	-	1,111,647
	Construction in progress	65,730,998	-	65,730,998
1520	Buildings and improvements, net	7,020,786	244,483	7,265,269
1530	Furniture and equipment, net	751,599	-	751,599
1000	Total assets	<u>102,357,465</u>	<u>84,002</u>	<u>102,441,467</u>
	DEFERRED OUTFLOWS OF RESOURCES			
1705	Deferred outflows - pension	1,190,885	11,247	1,202,132
1706	Deferred outflows - OPEB	1,500,433	14,170	1,514,603
1700	Total deferred outflows of resources	<u>2,691,318</u>	<u>25,417</u>	<u>2,716,735</u>
	LIABILITIES			
2110	Accounts payable	765,135	-	765,135
2140	Interest payable	104,251	-	104,251
2150	Payroll deductions and withholdings payable	110,133	-	110,133
2160	Accrued wages payable	768,040	9,810	777,850
2200	Accrued expenses	19,041	205	19,246
2300	Unearned revenue	33,883	-	33,883
	Noncurrent liabilities:			
2501	Due within one year	4,959,662	-	4,959,662
2502	Due in more than one year	73,505,755	-	73,505,755
2540	Net pension liability	1,786,166	16,869	1,803,035
2545	Other postemployment benefits liability	4,117,306	38,885	4,156,191
	Total noncurrent liabilities	<u>84,368,889</u>	<u>55,754</u>	<u>84,424,643</u>
2000	Total liabilities	<u>86,169,372</u>	<u>65,769</u>	<u>86,235,141</u>
	DEFERRED INFLOWS OF RESOURCES			
2604	Deferred inflows - gain on refunding	379,919	-	379,919
2605	Deferred inflows - pension	2,097,509	19,809	2,117,318
2606	Deferred inflows - OPEB	3,092,648	29,207	3,121,855
	Total deferred inflows of resources	<u>5,570,076</u>	<u>49,016</u>	<u>5,619,092</u>
	NET POSITION			
3200	Net investment in capital assets	10,663,548	244,483	10,908,031
	Restricted for:			
3820	Federal and state programs	265,810	-	265,810
3850	Debt service	2,758,902	-	2,758,902
3900	Unrestricted	(378,925)	(249,849)	(628,774)
3000	Total net position	<u>\$ 13,309,335</u>	<u>\$ (5,366)</u>	<u>\$ 13,303,969</u>

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the year ended August 31, 2022

EXHIBIT B-1

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	6 GOVERNMENTAL ACTIVITIES	7 BUSINESS-TYPE ACTIVITIES	8 TOTAL
	Governmental activities:						
11	Instruction	\$ 10,441,059	\$ 31,420	\$ 647,383	\$ (9,762,256)	\$ -	\$ (9,762,256)
12	Instructional resources and media services	96,587	-	(184)	(96,771)	-	(96,771)
13	Curriculum and staff development	26,148	-	-	(26,148)	-	(26,148)
21	Instructional leadership	323,416	-	33,781	(289,635)	-	(289,635)
23	School leadership	1,132,212	-	2,338	(1,129,874)	-	(1,129,874)
31	Guidance, counseling, and evaluation services	518,300	-	1,848	(516,452)	-	(516,452)
33	Health services	179,295	-	11,987	(167,308)	-	(167,308)
34	Student transportation	744,445	-	-	(744,445)	-	(744,445)
35	Food service	1,072,861	120,649	951,974	(238)	-	(238)
36	Extracurricular activities	1,105,341	347,874	(4,275)	(761,742)	-	(761,742)
41	General administration	851,666	-	(14,726)	(866,392)	-	(866,392)
51	Facilities maintenance and operations	2,331,292	-	116,716	(2,214,576)	-	(2,214,576)
52	Security and monitoring services	7,208	-	-	(7,208)	-	(7,208)
53	Data processing services	467,210	-	2,331	(464,879)	-	(464,879)
61	Community services	-	-	-	-	-	-
72	Debt service - interest on long-term debt	2,723,583	-	71,126	(2,652,457)	-	(2,652,457)
73	Debt service - bond issuance costs and fees	4,596	-	-	(4,596)	-	(4,596)
91	Contracted instructional resources	5,021,415	-	-	(5,021,415)	-	(5,021,415)
99	Other intergovernmental charges	110,805	-	-	(110,805)	-	(110,805)
TG	Total governmental activities	<u>27,157,439</u>	<u>499,943</u>	<u>1,820,299</u>	<u>(24,837,197)</u>	<u>-</u>	<u>(24,837,197)</u>
	Business-type activities:						
01	Enterprise fund-Little Vikings Day Care	<u>236,785</u>	<u>142,636</u>	<u>25,005</u>	<u>-</u>	<u>(69,144)</u>	<u>(69,144)</u>
TB	Total business-type activities	<u>236,785</u>	<u>142,636</u>	<u>25,005</u>	<u>-</u>	<u>(69,144)</u>	<u>(69,144)</u>
TP	Total primary government	<u>\$ 27,394,224</u>	<u>\$ 642,579</u>	<u>\$ 1,845,304</u>	<u>(24,837,197)</u>	<u>(69,144)</u>	<u>(24,906,341)</u>
	General revenues:						
MT	Property taxes, levied for general purposes				19,669,352	-	19,669,352
DT	Property taxes, levied for debt service				7,116,151	-	7,116,151
SF	State aid - formula grants				949,348	-	949,348
GC	Grants and contributions not restricted				249,723	-	249,723
IE	Investment earnings				290,498	-	290,498
MI	Miscellaneous local and intermediate revenue				139,474	-	139,474
TR	Total general revenues				<u>28,414,546</u>	<u>-</u>	<u>28,414,546</u>
CN	Change in net position				3,577,349	(69,144)	3,508,205
NB	NET POSITION - BEGINNING				<u>9,731,986</u>	<u>63,778</u>	<u>9,795,764</u>
NE	NET POSITION - ENDING				<u>\$ 13,309,335</u>	<u>\$ (5,366)</u>	<u>\$ 13,303,969</u>

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

August 31, 2022

EXHIBIT C-1

DATA CONTROL CODES		10	50	60	OTHER	98
		GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
1110	Cash	\$ 88,442	\$ -	\$ -	\$ 286,028	\$ 374,470
1120	Investments - current	7,414,555	2,767,988	15,357,352	-	25,539,895
1220	Property taxes - delinquent	596,866	177,558	-	-	774,424
1230	Allowance for uncollectible taxes (credit)	(89,530)	(26,634)	-	-	(116,164)
1240	Receivables from other governments	565,878	-	-	440,751	1,006,629
1260	Due from other funds	598,198	-	-	254,109	852,307
1290	Other receivables	<u>2,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,700</u>
1000	Total assets	<u>\$ 9,177,109</u>	<u>\$ 2,918,912</u>	<u>\$ 15,357,352</u>	<u>\$ 980,888</u>	<u>\$ 28,434,261</u>
LIABILITIES						
2110	Accounts payable	\$ 60,859	\$ -	\$ 669,428	\$ 34,848	\$ 765,135
2150	Payroll deductions and withholdings	110,133	-	-	-	110,133
2160	Accrued wages payable	728,155	-	-	39,885	768,040
2170	Due to other funds	254,109	-	56,232	381,485	691,826
2200	Accrued expenditures	15,542	-	-	3,499	19,041
2300	Unearned revenue	<u>23,545</u>	<u>9,086</u>	<u>-</u>	<u>1,252</u>	<u>33,883</u>
2000	Total liabilities	<u>1,192,343</u>	<u>9,086</u>	<u>725,660</u>	<u>460,969</u>	<u>2,388,058</u>
DEFERRED INFLOWS OF RESOURCES						
2600	Deferred inflows - unavailable revenues	<u>507,336</u>	<u>150,924</u>	<u>-</u>	<u>-</u>	<u>658,260</u>
	Total liabilities and deferred inflows of resources	<u>1,699,679</u>	<u>160,010</u>	<u>725,660</u>	<u>460,969</u>	<u>3,046,318</u>
FUND BALANCES						
3450	Restricted - federal and state funds	-	-	-	265,810	265,810
3470	Capital acquisitions and contractual obligations	-	-	14,631,692	-	14,631,692
3480	Restricted - debt service	-	2,758,902	-	-	2,758,902
3545	Committed - other committed fund balance	-	-	-	254,109	254,109
3600	Unassigned fund balance	<u>7,477,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,477,430</u>
3000	Total fund balances	<u>7,477,430</u>	<u>2,758,902</u>	<u>14,631,692</u>	<u>519,919</u>	<u>25,387,943</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,177,109</u>	<u>\$ 2,918,912</u>	<u>\$ 15,357,352</u>	<u>\$ 980,888</u>	<u>\$ 28,434,261</u>

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

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

August 31, 2022

EXHIBIT C-1R

Total fund balances - governmental funds balance sheet \$ 25,387,943

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 99,377,440	
Less: accumulated depreciation	<u>(24,762,410)</u>	74,615,030

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable, including amortized premiums and CABs	(78,203,255)	
Compensated absences	(262,162)	
Net pension liability	(1,786,166)	
Net OPEB liability	<u>(4,117,306)</u>	(84,368,889)

Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.

(104,251)

Deferred outflows and inflows of resources related to pensions, other postemployment benefits, and bonds are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	1,190,885	
Deferred inflows of resources related to pensions	(2,097,509)	
Deferred outflows of resources related to OPEB	1,500,433	
Deferred inflows of resources related to OPEB	(3,092,648)	
Deferred inflows of resources related to gain on refunding	<u>(379,919)</u>	(2,878,758)

Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the statement of activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the statement of net position for governmental activities.

658,260

Net position of governmental activities - statement of net position \$ 13,309,335

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

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

For the year ended August 31, 2022

EXHIBIT C-2

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	\$ 19,719,962	\$ 7,059,174	\$ 161,529	\$ 423,040	\$ 27,363,705
5800	State program revenues	1,725,435	71,126	-	36,050	1,832,611
5900	Federal program revenues	<u>206,159</u>	<u>-</u>	<u>-</u>	<u>1,902,503</u>	<u>2,108,662</u>
5020	Total revenues	<u>21,651,556</u>	<u>7,130,300</u>	<u>161,529</u>	<u>2,361,593</u>	<u>31,304,978</u>
	EXPENDITURES					
	Current:					
0011	Instruction	9,661,965	-	-	770,869	10,432,834
0012	Instructional resources and media services	96,272	-	-	-	96,272
0013	Curriculum and instructional staff development	24,306	-	-	-	24,306
0021	Instructional leadership	288,034	-	-	45,529	333,563
0023	School leadership	1,147,944	-	-	49,860	1,197,804
0031	Guidance, counseling, and evaluation services	523,682	-	-	211	523,893
0033	Health services	168,852	-	-	8,858	177,710
0034	Student (pupil) transportation	692,006	-	-	-	692,006
0035	Food services	-	-	-	997,289	997,289
0036	Cocurricular/extracurricular activities	801,897	-	-	270,141	1,072,038
0041	General administration	851,266	-	-	-	851,266
0051	Facilities maintenance and operations	2,068,132	-	-	111,252	2,179,384
0052	Security and monitoring services	6,700	-	-	-	6,700
0053	Data processing services	469,636	-	-	-	469,636
	Debt service:					
0071	Principal on long-term debt	-	4,110,000	-	-	4,110,000
0072	Interest on long-term debt	-	2,932,197	-	-	2,932,197
0073	Bond issuance costs and fees	-	4,596	-	-	4,596
0081	Capital outlay	-	-	26,217,428	-	26,217,428
0091	Contracted instructional services-chapter 41	4,667,706	-	-	-	4,667,706
	Intergovernmental:					
0099	Other intergovernmental charges	<u>103,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,000</u>
6030	Total expenditures	<u>21,571,398</u>	<u>7,046,793</u>	<u>26,217,428</u>	<u>2,254,009</u>	<u>57,089,628</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>80,158</u>	<u>83,507</u>	<u>(26,055,899)</u>	<u>107,584</u>	<u>(25,784,650)</u>
	OTHER FINANCING SOURCES AND (USES)					
7915	Transfers in	-	-	-	287	287
8911	Transfers out (uses)	<u>(287)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(287)</u>
7080	Total other financing sources and (uses)	<u>(287)</u>	<u>-</u>	<u>-</u>	<u>287</u>	<u>-</u>
1200	Net change in fund balance	79,871	83,507	(26,055,899)	107,871	(25,784,650)
0100	FUND BALANCE - BEGINNING	<u>7,397,559</u>	<u>2,675,395</u>	<u>40,687,591</u>	<u>412,048</u>	<u>51,172,593</u>
3000	FUND BALANCE - ENDING	<u>\$ 7,477,430</u>	<u>\$ 2,758,902</u>	<u>\$ 14,631,692</u>	<u>\$ 519,919</u>	<u>\$ 25,387,943</u>

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

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

For the year ended August 31, 2022

EXHIBIT C-2R

Net change in fund balances - total governmental funds \$ (25,784,650)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 26,293,312	
Less current year depreciation	<u>(1,805,440)</u>	24,487,872

Repayment of principal on bonds is an expenditure in the governmental funds, but this expenditure is removed from the statement of activities and the repayments instead reduce long-term liabilities on the statement of net position. 4,110,000

Accumulated accretion on bonds issued by governmental activities is recognized only when paid in the governmental funds, but is treated as interest expense on the statement of activities as it accretes. (338,118)

Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and gain on refundings is also not recorded. 508,310

Compensated absences is not recognized in the funds. This is the amount of change during the current year. (262,162)

The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds. 38,422

Property taxes are recognized as revenue in the governmental funds when collected but recognized on the statement of activities in the year levied. Therefore, the uncollected amount of the current year levy is added to current year property tax revenue on the statement of activities. 395,278

Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the statement of net position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the statement of activities. 209,761

Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the statement of net position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the statement of activities. 212,636

Change in net position of governmental activities - statement of activities \$ 3,577,349

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND**

For the year ended August 31, 2022

EXHIBIT C-3

DATA CONTROL CODES		1		2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		AMOUNTS (GAAP BASIS)	AMOUNTS (GAAP BASIS)	
		ORIGINAL	FINAL			
REVENUES						
5700	Local and intermediate sources	\$ 20,238,500	\$ 20,038,500	\$ 19,719,962	\$ (318,538)	
5800	State program revenues	1,078,100	2,178,100	1,725,435	(452,665)	
5900	Federal program revenues	<u>225,000</u>	<u>225,000</u>	<u>206,159</u>	<u>(18,841)</u>	
5020	Total revenues	<u>21,541,600</u>	<u>22,441,600</u>	<u>21,651,556</u>	<u>(790,044)</u>	
EXPENDITURES						
0011	Instruction	9,694,694	9,744,694	9,661,965	82,729	
0012	Instructional resources and media services	94,357	99,357	96,272	3,085	
0013	Curriculum and staff development	29,100	34,100	24,306	9,794	
0021	Instructional leadership	253,933	293,933	288,034	5,899	
0023	School leadership	1,179,135	1,179,135	1,147,944	31,191	
0031	Guidance, counseling, and evaluation services	447,911	537,911	523,682	14,229	
0033	Health services	164,065	184,065	168,852	15,213	
0034	Student transportation	641,400	716,400	692,006	24,394	
0036	Extracurricular activities	830,076	840,076	801,897	38,179	
0041	General administration	813,628	888,628	851,266	37,362	
0051	Facilities maintenance and operations	1,806,455	2,071,455	2,068,132	3,323	
0052	Security and monitoring services	11,850	11,850	6,700	5,150	
0053	Data processing services	452,921	477,921	469,636	8,285	
Intergovernmental:						
0091	Contracted instruction services between schools	5,010,075	5,250,075	4,667,706	582,369	
0099	Other intergovernmental charges	<u>109,000</u>	<u>109,000</u>	<u>103,000</u>	<u>6,000</u>	
6030	Total expenditures	<u>21,538,600</u>	<u>22,438,600</u>	<u>21,571,398</u>	<u>867,202</u>	
1100	Excess (deficiency) of revenues over (under) expenditures	<u>3,000</u>	<u>3,000</u>	<u>80,158</u>	<u>77,158</u>	
OTHER FINANCING SOURCES (USES):						
8911	Transfers out (uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(287)</u>	<u>2,713</u>	
7080	Total other financing sources and (uses)	<u>(3,000)</u>	<u>(3,000)</u>	<u>(287)</u>	<u>2,713</u>	
1200	Net change in fund balance	-	-	79,871	79,871	
0100	FUND BALANCE - BEGINNING	<u>7,397,559</u>	<u>7,397,559</u>	<u>7,397,559</u>	-	
3000	FUND BALANCE - ENDING	<u>\$ 7,397,559</u>	<u>\$ 7,397,559</u>	<u>\$ 7,477,430</u>	<u>\$ 79,871</u>	

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

August 31, 2022

EXHIBIT D-1

<u>DATA CONTROL CODES</u>		<u>BUSINESS-TYPE ACTIVITIES LITTLE VIKINGS DAY CARE</u>
	ASSETS	
1110	Cash and cash equivalents	\$ -
	Capital assets:	
1520	Buildings and improvements, net	<u>244,483</u>
1000	Total assets	<u>\$ 244,483</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflows - pensions	11,247
1706	Deferred outflows - OPEB	<u>14,170</u>
1700	Total deferred outflows of resources	<u>25,417</u>
	LIABILITIES	
2160	Accrued wages payable	9,810
2170	Due to other funds	160,481
2200	Accrued expenditures	205
	Noncurrent liabilities:	
2540	Net pension liability	16,869
2545	OPEB liability	<u>38,885</u>
2000	Total liabilities	<u>226,250</u>
	DEFERRED OUTFLOWS OF RESOURCES	
2605	Deferred outflows - pensions	19,809
2606	Deferred outflows - OPEB	<u>29,207</u>
2600	Total deferred outflows of resources	<u>49,016</u>
	NET POSITION	
3200	Net investment in capital assets	244,483
3900	Unrestricted	<u>(249,849)</u>
3000	Total net position	<u>\$ (5,366)</u>

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

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

For the year ended August 31, 2022

EXHIBIT D-2

<u>DATA CONTROL CODES</u>		<u>BUSINESS-TYPE ACTIVITIES LITTLE VIKINGS DAY CARE</u>
	OPERATING REVENUES	
5700	Local and intermediate sources	\$ 142,636
5800	State program revenues	(2,102)
5900	Federal program revenues	<u>27,107</u>
5020	Total operating revenues	<u>167,641</u>
	OPERATING EXPENSES	
6100	Payroll costs	204,721
6300	Professional and contracted services	975
6400	Other operating costs	18,221
6499	Depreciation expense	<u>12,868</u>
6030	Total operating expenses	<u>236,785</u>
1300	Change in net position	(69,144)
0100	TOTAL NET POSITION - BEGINNING	<u>63,778</u>
3300	TOTAL NET POSITION - ENDING	<u><u>\$ (5,366)</u></u>

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the year ended August 31, 2022

EXHIBIT D-3

	BUSINESS-TYPE ACTIVITIES
	LITTLE VIKINGS DAY CARE
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 142,636
Cash received from grant assistance	27,107
Cash payments to employees for services	(127,122)
Cash payments to suppliers	<u>(116,141)</u>
Net cash provided by (used for) operating activities	<u>(73,520)</u>
Net increase (decrease) in cash and cash equivalents	(73,520)
Cash and cash equivalents at beginning of year	<u>73,520</u>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income	\$ <u>(69,144)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	12,868
Change in assets and liabilities:	
Increase (decrease) in accounts payable	(82)
(Increase) decrease in deferred outflows related to NPL and OPEB	(25,417)
Increase (decrease) in deferred inflows related to NPL and OPEB	49,016
Increase (decrease) in deferred inflows related to NPL	16,869
Increase (decrease) in deferred inflows related to OPEB	38,885
Increase (decrease) in due to other funds	(96,870)
Increase (decrease) in wages payable	348
Increase (decrease) in accrued expenses	<u>7</u>
Total adjustments	<u>(4,376)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (73,520)</u></u>

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

August 31, 2022

EXHIBIT E-1

<u>DATA CONTROL CODES</u>		<u>CUSTODIAL FUNDS</u>
	ASSETS	
1110	Cash and cash equivalents	<u>\$ 42,524</u>
1000	Total assets	<u>42,524</u>
	NET POSITION	
3000	Total net position	<u><u>\$ 42,524</u></u>

The accompanying notes are an integral part of these financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

August 31, 2022

EXHIBIT E-2

<u>DATA CONTROL CODES</u>		<u>CUSTODIAL FUNDS</u>
	ADDITIONS	
5700	Fundraising activity	<u>\$ 106,871</u>
	Total additions	<u>106,871</u>
	DEDUCTIONS	
6300	Student activities	<u>90,091</u>
	Total deductions	<u>90,091</u>
1200	Change in net position	16,780
0100	Total net position, beginning	<u>25,744</u>
3000	Total net position, ending	<u>\$ 42,524</u>

The accompanying notes are an integral part of these financial statements.



LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(1) Summary of significant accounting policies

The financial reporting entity

This report includes those activities, organizations and functions related to Lago Vista Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as “component units”, included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-wide and fund financial statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely 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 the operational or capital requirements of a particular function. Taxes and other items are not properly included among program revenues are reported instead as general revenues.

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 as 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 proprietary 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. Agency funds have no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

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 sixty 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 are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major funds and fund types

The District reports the following major governmental funds:

The general fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The debt service fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

The capital project fund includes proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund types:

Special revenue funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified periods are accounted for in these funds.

Enterprise funds are proprietary funds used to account for operations of the District whereby individuals or others are charged a fee for a specific benefit or service and there is a desire to measure a specific gain or loss on the activity.

Custodial funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(1) Summary of significant accounting policies (continued)

Major funds and fund types (continued)

Budgetary information

Budgets are prepared annually for the general fund, the child nutrition fund, and the debt service fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of August and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or fund balance

Investments - The District’s investment policies and types of investments are governed by Section 2256 of the Texas Government Code (“Public Funds Investment Act”). The types of investments allowed under the Public Funds Investment Act are detailed in note 2 – deposits and investments. The District’s management believes that it complied with the requirements of the Public Funds Investment Act and the District’s investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories – Inventories are generally not recorded in the general fund or child nutrition fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled “nonspendable” which indicates that the inventory does not represent “available expendable resources.”

Capital assets – Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES (YRS)</u>
Buildings and improvements	15-30
Furniture and equipment	3-20
Vehicles	5-10

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(1) Summary of significant accounting policies (continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or fund balance (continued)

Ad valorem property taxes – Delinquent taxes, when received, are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the general and debt service funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Accumulated sick leave liability – The State of Texas has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

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 benefit terms. Investments are reported at fair value.

Other postemployment benefits – The fiduciary net position of the Teacher Retirement System of Texas TRS Care Plan (TRS-Care) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment 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.

Deferred outflows and deferred inflows of resources – The District complies with GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

Deferred outflows and deferred inflows of resources (continued) – The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(1) Summary of significant accounting policies (continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or fund balance (continued)

Fund balance – The District has implemented GASB Statement 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District’s highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Fair value measurements – The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(1) Summary of significant accounting policies (continued)

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or fund balance (continued)

Fair value measurements (continued)

There are three general valuation techniques that may be used to measure fair value:

- Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations

Statement of cash flows – For purposes of the statement of cash flows when proprietary funds are used, cash and cash equivalents include demand deposits.

Implementation of new accounting principle

The District adopted the provisions of GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District has no leases under the new accounting principle.

Data control codes

The data control codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

(2) Deposits and investments

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and agency funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for debt service and capital projects funds is sufficient investment liquidity to meet related obligations.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(2) Deposits and investments (continued)

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

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker’s acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

The District’s funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District’s agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance. Therefore, the District is not exposed to custodial credit risk.

Under the depository contact, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2022, the carrying amount of the District’s deposits was \$416,275 and the bank balance was \$3,739,704. Cash on hand was \$720 as of August 31, 2022. The District’s deposits with financial institutions at August 31, 2022 and during the year ended August 31, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool of demand deposits. The combined pool is available for use by most special revenue funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the general fund.

Investments held at August 31, 2022 consisted of the following:

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITY (DAYS)	STANDARD AND POOR'S RATING
Local government investment pools:			
Lone Star Investment Pool	\$ 25,440,947	54	AAAm
TexPool	<u>98,948</u>	24	AAAm
Total investments	<u>\$ 25,539,895</u>		

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(2) Deposits and investments (continued)

The District had investments in two external local governmental investment pools at August 31, 2022, consisting of the Texas Local Governmental Investment Pool (“TexPool”) and the Lone Star Investment Pool (First Public).

Notes on these local governmental investment pools are as follows:

TexPool

TexPool is a local government investment pool. It offers a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The primary objectives of the pool are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, diversify to avoid unreasonable or avoidable risks, and maximize the return on the pool. Cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas make up the investor base.

TexPool was originally rated in March 1995, but effective April 2002, the Texas Comptroller of Public Accounts contracted with Federated Investors, Inc. for the day-to-day operations of TexPool. Federated Investors, Inc. performs the pool’s investment management and custodial functions. It also provides the marketing function, working closely with participants. Federated Securities Corp. acts as the distributor for the portfolio. Oversight of TexPool continues to be provided by the Texas Comptroller, as well as the TexPool advisory board. In January 1995, the advisory board adopted and implemented long-term policy changes to provide for a stable net asset value (NAV) pool, which, in effect, operates like an SEC regulated Rule 2a-7 money-market fund. These changes were made to ensure a more conservative investment strategy and to provide a much higher level of investment safety for local government funds.

Lone Star Investment Pool (First Public)

The Corporate Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds – Government Overnight Fund and Corporate Overnight Plus Fund – also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

The Lone Star Investment Pool is sponsored by TASB. The investment advisers to the pool are American Beacon Advisors and Standish. First Public, LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool’s operations and performance and reports its findings to First Public and the board of trustees for the Lone Star Investment Pools.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(2) Deposits and investments (continued)

Analysis of specific deposit and investment risks

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

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2022, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial credit risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2022, the District was not exposed to custodial credit risk.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2022, the District had 100% of its investments in local governmental investment pools.

Interest rate risk – As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2022, investments were included in local government investment pools which have a weighted average maturity of one day.

(3) Property taxes

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Travis Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Travis County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(3) Property taxes (continued)

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District’s fiscal year. The assessed value at January 1, 2021, upon which the October 2021 levy was based was \$2,222,428,396. The District levied taxes based on a combined tax rate of \$1.202 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

(4) Due from/to other governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as due from/due to other governments in the basic financial statements as of August 31, 2022 are summarized below:

Due from other governments:

	General Fund	Nonmajor Governmental Funds	Total
Governmental activities:			
Foundation and per capita entitlements	\$ 565,878	\$ -	\$ 565,878
Federal grants	-	440,751	440,751
Total governmental activities	\$ 565,878	\$ 440,751	\$ 1,006,629

(5) Interfund receivables, payables, and transfers

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as “due from other funds” and on the balance sheet of the borrowing fund as “due to other funds”. Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as “transfers out” for the paying fund and “transfers in” for the receiving fund.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(5) Interfund receivables, payables, and transfers (continued)

The composition of interfund balances as of August 31, 2022 was as follows:

Receivable Fund	Payable Fund	Amount
General fund	Other governmental funds	\$ 381,485
	Capital projects fund	56,232
	Enterprise fund	160,481
Total general fund		598,198
Other governmental funds	General fund	254,109
Total other governmental funds		254,109
Grand total		\$ 852,307

(6) Capital assets

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

	BEGINNING BALANCE 09/1/2021	ADDITIONS	DELETIONS	ENDING BALANCE 08/31/2022
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated:				
Land	\$ 1,111,647	\$ -	\$ -	\$ 1,111,647
Construction in progress	3,659,893	25,945,096	-	29,604,989
Total capital assets not being depreciated	4,771,540	25,945,096	-	30,716,636
Capital assets being depreciated:				
Buildings and improvements	65,730,998	-	-	65,730,998
Furniture and equipment	2,581,590	348,216	-	2,929,806
Total capital assets being depreciated	68,312,588	348,216	-	68,660,804
Less accumulated depreciation for:				
Buildings and improvements	(21,017,686)	(1,566,517)	-	(22,584,203)
Furniture and equipment	(1,939,284)	(238,923)	-	(2,178,207)
Total accumulated depreciation	(22,956,970)	(1,805,440)	-	(24,762,410)
Governmental activities - capital assets, net	\$ 50,127,158	\$ 24,487,872	\$ -	\$ 74,615,030
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated:				
Buildings and improvements	\$ 257,351	\$ -	\$ -	\$ 257,351
Total capital assets being depreciated	257,351	-	-	257,351
Less accumulated depreciation for:				
Buildings and improvements	-	(12,868)	-	(12,868)
Total accumulated depreciation	-	(12,868)	-	(12,868)
Business-type activities - capital assets, net	\$ 257,351	\$ (12,868)	\$ -	\$ 244,483

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(6) Capital assets (continued)

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

<u>GOVERNMENTAL ACTIVITIES</u> <u>Function</u>	<u>Depreciation</u> <u>Allocation</u>
Instruction	\$ 790,579
Instructional resources and media services	7,295
Curriculum and staff development	1,842
Instructional leadership	25,277
School leadership	90,767
Guidance, counseling, and evaluation services	39,700
Health services	13,466
Student transportation	52,439
Food services	75,572
Cocurricular, extracurricular activities	81,237
General administration	64,507
Plant maintenance and operations	165,149
Security and monitoring services	508
Data processing services	35,588
Contracted instructional services between schools	353,709
Community services	<u>7,805</u>
 Total depreciation expense (governmental activities)	 <u><u>\$ 1,805,440</u></u>
 <u>BUSINESS-TYPE ACTIVITIES</u> <u>Function</u>	
 Plant maintenance and operations	 <u><u>\$ 12,868</u></u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(7) Bonds, notes, and other long-term liabilities

Governmental activities long-term debt obligations at August 31, 2022 consisted of the following:

General Long-Term Debt Description	Outstanding at August 31, 2022
\$5,064,000 Series 1997 Unlimited Tax School Building and Refunding Bonds - CAB's due in annual installments of \$109,000 to \$249,000 through August 15, 2024; interest at 3.9% to 5.7%.	\$ 1,463,090
\$1,047,582 Series 1999 Unlimited Tax School Building and Refunding Bonds - CAB's due in annual installments of \$270,000 to \$310,000 through August 15, 2030; interest at 5.15% to 5.9%.	3,543,787
\$1,980,000 Series 2014 Unlimited Tax Refunding Bonds- CIB, due in annual installments of \$35,000 to \$165,000 through August 15, 2036; interest at 2.00% to 4.00%.	1,500,000
\$7,300,000 Series 2015 Unlimited Tax Refunding Bonds due in annual installments of \$270,000 to \$1,465,000 through August 15, 2027; interest at 2.00% to 4.00%.	5,345,000
\$8,645,000 Series 2017 Unlimited Tax Refunding Bonds due in annual installments of \$195,000 to \$2,320,000 through August 15, 2035; interest at 2.00% to 4.00%.	8,480,000
\$2,855,000 Series 2018 Unlimited Tax School Building Bonds due in annual installments of \$455,003 to \$535,000 through August 15, 2024; interest at 3.00%.	1,055,000
\$38,855,000 Series 2021 Unlimited Tax School Building Bonds due in annual installments of \$380,000 to \$2,320,000 through August 15, 2046; interest at 2.00% to 5.00%.	38,475,000
\$12,295,000 Series 2021 Unlimited Tax Refunding Bonds due in annual installments of \$180,000 to \$2,025,000 through August 15, 2037; interest at 2.00% to 5.00%.	<u>10,340,000</u>
Total	<u>\$ 70,201,877</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(7) Bonds, notes, and other long-term liabilities (continued)

The following is a summary of changes in long-term liabilities for the year ended August 31, 2022:

	OUTSTANDING 9/1/2021	ADDITIONS	DELETIONS	CURRENT ACCRETION	OUTSTANDING 8/31/2022	AMOUNTS DUE WITHIN ONE YEAR
Bonds payable:						
General obligation and refunding bonds	\$ 69,645,601	\$ -	\$ (3,227,146)	\$ -	\$ 66,418,455	\$ 3,888,981
Capital appreciation bonds	4,328,159	-	(882,855)	338,118	3,783,422	1,016,249
Premium on issuance of bonds	<u>8,484,360</u>	-	<u>(482,982)</u>	-	<u>8,001,378</u>	-
Total bonds	<u>82,458,120</u>	<u>-</u>	<u>(4,592,983)</u>	<u>338,118</u>	<u>78,203,255</u>	<u>4,905,230</u>
Other long-term liabilities:						
Compensated absences	-	<u>262,162</u>	-	-	<u>262,162</u>	<u>54,432</u>
Total other long-term liabilities	<u>-</u>	<u>262,162</u>	<u>-</u>	<u>-</u>	<u>262,162</u>	<u>54,432</u>
Total governmental activities	<u>\$ 82,458,120</u>	<u>\$ 262,162</u>	<u>\$ (4,592,983)</u>	<u>\$ 338,118</u>	<u>\$ 78,465,417</u>	<u>\$ 4,959,662</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of August 31, 2022 are as follows:

YEAR ENDING AUGUST 31,	GENERAL OBLIGATIONS			TOTAL REQUIREMENTS
	PRINCIPAL	ACCUMULATED ACCRETION	INTEREST	
2023	\$ 3,888,981	\$ 767,268	\$ 2,335,230	\$ 6,991,479
2024	2,674,474	337,366	2,216,280	5,228,120
2025	3,045,000	-	2,145,730	5,190,730
2026	3,150,000	-	2,052,780	5,202,780
2027	3,275,000	-	1,921,680	5,196,680
2028-2032	13,000,000	2,678,788	8,043,500	23,722,288
2033-2037	18,645,000	-	4,836,100	23,481,100
2038-2042	9,780,000	-	2,110,400	11,890,400
2043-2046	<u>8,960,000</u>	<u>-</u>	<u>543,960</u>	<u>9,503,960</u>
Totals	<u>\$ 66,418,455</u>	<u>\$ 3,783,422</u>	<u>\$ 26,205,660</u>	<u>\$ 96,407,537</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(8) Teacher Retirement System of Texas pension plan

Plan description

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

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

Pension plan fiduciary net position

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

Benefits provided

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

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(8) Teacher Retirement System of Texas pension plan (continued)

Contributions

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

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

Contribution Rates	2022	2021
Member (Employees)	7.7 - 8%	7.7%
Non-employer contributing entity (State of Texas)	7.5%	7.5%
Employer (District)	7.5%	7.5%

Contributions

Member contributions (Employees)	\$ 868,361	\$ 760,736
Non-employer contributing entity contributions (State of Texas)	595,397	395,397
Employer contributions (District)	347,258	301,938

Contributions 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 source, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(8) Teacher Retirement System of Texas pension plan (continued)

Contributions (continued)

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

- 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.
- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025.

Actuarial assumptions

Valuation date	August 31, 2020 rolled forward to August 31, 2021
Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal bond rate of return*	1.95%
Last year in the projection period (100 years)	2119
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

Discount rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the nonemployer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(8) Teacher Retirement System of Texas pension plan (continued)

Discount rate (continued)

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2021 are summarized below:

Asset Class *	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Contributions To Long-Term Portfolio Returns
Global Equity			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value			
Government Bonds	16.0%	-0.2%	0.01%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy and Natural Resources	6.0%	4.7%	0.35%
Risk Parity			
Risk Parity	8.0%	2.8%	0.28%
Leverage			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0%	-0.5%	0.03%
Inflation Expectation			2.20%
Volatility Drag****			-0.95%
Expected Return	<u>100.0%</u>		<u>7.33%</u>

* Absolute return includes credit sensitive investments.

** Target allocations are based on the FY2021 policy model.

*** Capital market assumptions come from Aon Hewitt (as of 8/31/2021).

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(8) Teacher Retirement System of Texas pension plan (continued)

Discount rate sensitivity analysis

The following schedule shows the impact of the net pension liability of the plan using the discount rate of 7.25% and what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Single Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 3,939,917	\$ 1,803,035	\$ 69,375

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 \$1,803,035 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 1,803,035
State's proportionate share of the net pension liability associated with the District	3,509,864
Total pension liability	\$ 5,312,899

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

At August 31, 2021 the employer's proportion of the collective net pension liability was 0.0000708037% which was an increase of 0.00000212002% from its proportion measured as of August 31, 2020.

Changes since the prior actuarial valuation

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

For the year ended August 31, 2022, the District recognized pension expense of \$14,032 and revenue of \$588,156 for support provided by the State.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(8) Teacher Retirement System of Texas pension plan (continued)

Changes since the prior actuarial valuation (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,017	\$ 126,935
Changes in actuarial assumptions	637,338	277,825
Differences between projected and actual investment earnings	-	1,511,822
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	214,519	200,736
Contributions paid to TRS subsequent to the measurement date	347,258	-
Total	\$ 1,202,132	\$ 2,117,318

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:

Measurement Year Ended August 31,	Pension Expense Amount
2023	\$ (216,490)
2024	(226,940)
2025	(352,006)
2026	(461,303)
2027	(7,082)
Thereafter	1,377
	\$ (1,262,444)

(9) Defined other postemployment 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 postemployment 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.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(9) Defined other postemployment benefit plans (continued)

OPEB plan fiduciary net position

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

Benefits provided

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

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

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

TRS-Care Monthly Premium Rates				
	Medicare		Non-Medicare	
Retiree*	\$	135	\$	200
Retiree and spouse		529		689
Retiree* and children		468		408
Retiree and family		1,020		999

* or surviving spouse

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 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.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(9) Defined other postemployment benefit plans (continued)

Contributions (continued)

The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates	2022	2021
Active employee	0.65%	0.65%
Non-employer contributing entity (State of Texas)	1.25%	1.25%
Employer (District)	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%
 Contributions		
District contributions	\$ 90,624	\$ 84,129
Member contributions	70,554	64,218
NECE on-behalf contributions	99,233	99,233

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When hiring a TRS retiree, employers are required to pay to 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 \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding for both years was in fiscal year 2021.

Actuarial assumptions

The actuarial valuation was performed as of August 31, 2020. Updated procedures were used to roll forward the total OPEB liability to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

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

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation that was rolled forward to August 31, 2021:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Expected payroll growth
Rates of disability incidence	General inflation

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(9) Defined other postemployment benefit plans (continued)

Actuarial assumptions (continued)

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

Additional actuarial methods and assumptions.

Valuation date	August 31, 2020 rolled forward to August 31, 2021
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	1.95% as of August 31, 2021
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Salary increases	3.05% to 9.05%, including inflation
Healthcare trend rates	10.80% decreasing to 4.50% for FY 2028
Election rates	Normal retirement 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc postemployment benefit changes	None

Discount rate

A single discount rate of 1.95% was used to measure the total OPEB liability. There was an decrease of .38% 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 applied to all periods of projected benefit payments to determine the total OPEB liability.

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(9) Defined other postemployment benefit plans (continued)

Discount rate sensitivity analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.95%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (0.95%)	Current Single Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
District's proportionate share of the net OPEB liability	\$ 5,013,323	\$ 4,156,191	\$ 3,481,599

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEBs

At August 31, 2021, the District reported a liability of \$4,156,191 for its proportionate share of the TRS's total 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 net OPEB liability	\$ 4,156,191
State's proportionate share of the net OPEB liability associated with the District	5,568,369
Total	\$ 9,724,560

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

At August 31, 2021 the employer's proportion of the collective total OPEB liability was 0.0000107744596% compared to 0.0000105816588% as of August 31, 2020. This was an increase of 0.000001928% over the prior year.

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

	1% Decrease in Healthcare Trend Rate	Current Single Heathcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of the net OPEB liability	\$ 3,366,377	\$ 4,156,191	\$ 5,215,925

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(9) Defined other postemployment benefit plans (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEBs (continued)

Changes since the prior actuarial valuation

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

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

Changes of benefit terms since the prior measurement date

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

The amount of OPEB expense recognized by the District in the reporting period was \$(205,515) and revenue of \$112,773 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 178,944	\$ 2,011,887
Changes in actuarial assumptions	460,347	878,957
Differences between projected and actual investment earnings	4,512	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	780,176	231,011
Contributions paid to TRS subsequent to the measurement date	90,624	-
Total	\$ 1,514,603	\$ 3,121,855

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

Year Ended August 31,	OPEB Expense Amount
2022	\$ (367,176)
2023	(367,278)
2024	(367,253)
2025	(257,849)
2026	(109,737)
Thereafter	(228,583)
Total	\$ (1,697,876)

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(10) Fringe benefits paid by other governments

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2022, August 31, 2021, and August 31, 2020 the subsidy payments received by TRS-Care on behalf of the District were \$47,468, \$44,195, and \$45,136, respectively.

(11) Revenue from local and intermediate sources

During the current year, revenues from local and intermediate sources consisted of the following:

TYPE	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	LITTLE VIKINGS DAY CARE	TOTAL
Property taxes	\$ 19,371,712	\$ 7,018,516	\$ -	\$ -	\$ -	\$ 26,390,228
Tuition and fees	31,420	-	-	-	142,636	174,056
Investment income	88,309	40,658	161,529	-	-	290,496
Rent	2,973	-	-	-	-	2,973
Food sales	-	-	-	120,649	-	120,649
Athletics	42,510	-	-	-	-	42,510
Enterprising revenues	-	-	-	302,391	-	302,391
Miscellaneous local revenue	183,038	-	-	-	-	183,038
Total	\$ 19,719,962	\$ 7,059,174	\$ 161,529	\$ 423,040	\$ 142,636	\$ 27,506,341

(12) Unearned revenue

Unearned revenue at August 31, 2022 consisted of the following amounts:

FUND	LOCAL SOURCES	FEDERAL GRANTS	TOTAL
General fund	\$ 23,545	\$ -	\$ 23,545
Debt service fund	9,086	-	9,086
Nonmajor governmental funds	-	1,252	1,252
Total	\$ 32,631	\$ 1,252	\$ 33,883

(13) Risk management

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended August 31, 2022, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(14) Commitments and contingencies

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended August 31, 2022, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

(15) Self-insurance fund

Lago Vista Independent School District participates in the Public Workers' Compensation Program (PWCP). PWCP maintains compliance with GASB No. 10 through an independent audit of the Program's financials which include an independent actuarial estimate of the reserves as of August 31, 2022. Reserves maintained on the PWCP financial represent the unpaid claim liability and include a provision for the subsequent development of known claims and for claims incurred but not reported (IBNR). The reinsurance contract is on PWCP as a whole and not the District. The reinsurance (stop loss insurance) for the District as a member of the PWCP from September 1, 2021 through August 31, 2022 is as follows:

Carrier:	Texas Public Excess Program
Specific Retention:	\$450,000-\$750,000 ISD Employees
Specific Retention:	\$500,000-\$750,000 County Employees

Carrier:	Safety National Casualty Corporation
Specific Retention:	\$750,000 ISD Employees (Statutory)
Specific Retention:	\$750,000 County Employees (Statutory)

As of August 31, 2022, the District's outstanding liabilities with PWCP were \$4,284.

(16) Unemployment compensation pool

During the year ended August 31, 2022, Lago Vista Independent School District 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 obligation to the Texas Workforce Commission. Expenses are accrued monthly 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 the unemployment compensation pool. For the year ended August 31, 2022, the Fund anticipates that Lago Vista Independent School District 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 year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2022

(17) Net position deficit

At August 31, 2022, the District has a deficit unrestricted net position in the government-wide statement of net position. This deficit is due to the implementation of GASB Statement No. 68 on pension liabilities and GASB Statement No. 75 on OPEB liabilities. The combined adoption of these two statements have reduced the net position by \$8.4 million in governmental activities and \$79 thousand in business type activities on the current year balances.

(18) Subsequent events

Subsequent events are evaluated by the District's management through January 19, 2023, the date which the financial statements were available to be issued. In September 2022, the District issued \$25,005,000 Unlimited Tax School Building Bonds, Series 2022. No other subsequent events have occurred that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

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

For the year ended August 31, 2022

	2021	2020	2019
District's proportion of the net pension liability	0.0070800370%	0.0068680350%	0.0073869742%
District's proportionate share of net pension liability	\$ 1,803,035	\$ 3,678,379	\$ 3,839,980
State's proportionate share of the net pension liability associated with the District	3,509,864	6,937,117	5,770,688
Total	\$ 5,312,899	\$ 10,615,496	\$ 9,610,668
District's covered payroll	\$ 9,879,687	\$ 9,255,017	\$ 8,156,584
District's proportionate share of the net pension liability as a percentage of its covered payroll	18.25%	39.74%	47.08%
Plan fiduciary net position as a percentage of the total net pension liability	88.79%	75.54%	75.24%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

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

EXHIBIT G-1

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0067887259%	0.0071185034%	0.0070053908%	0.0072914000%	0.0048592000%
\$ 3,736,679	\$ 2,276,114	\$ 2,647,233	\$ 2,577,413	\$ 1,297,960
<u>6,320,644</u>	<u>3,926,192</u>	<u>4,618,000</u>	<u>4,436,562</u>	<u>3,922,098</u>
<u>\$ 10,057,323</u>	<u>\$ 6,202,306</u>	<u>\$ 7,265,233</u>	<u>\$ 7,013,975</u>	<u>\$ 5,220,058</u>
<u>\$ 7,808,347</u>	<u>\$ 7,849,062</u>	<u>\$ 7,584,320</u>	<u>\$ 7,296,833</u>	<u>\$ 7,218,248</u>
47.85%	29.00%	34.90%	35.32%	17.98%
73.74%	82.17%	78.00%	78.43%	83.25%

LAGO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS

For the year ended August 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 347,258	\$ 301,938	\$ 281,795	\$ 258,911
Contribution in relation to the contractually required contribution	<u>(347,258)</u>	<u>(301,938)</u>	<u>(281,795)</u>	<u>(258,911)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 11,277,417</u>	<u>\$ 9,879,687</u>	<u>\$ 9,255,017</u>	<u>\$ 8,156,584</u>
Contribution as a percentage of covered payroll	3.08%	3.06%	3.04%	3.17%

The amounts presented are as of the District's fiscal year end of August 31.

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

EXHIBIT G-2

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 229,455	\$ 233,201	\$ 222,433	\$ 215,598
<u>(229,455)</u>	<u>(233,201)</u>	<u>(222,433)</u>	<u>(215,598)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 7,808,347</u>	<u>\$ 7,849,062</u>	<u>\$ 7,584,320</u>	<u>\$ 7,296,833</u>
2.94%	2.97%	2.93%	2.95%

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY (OPEB)
TEACHER PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN**

For the year ended August 31, 2022

EXHIBIT G-3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net liability for other postemployment benefits	0.0107744596%	0.0105816588%	0.0099552897%	0.0091875500%	0.0088697636%
District's proportionate share of the net other postemployment benefit liability	\$ 4,156,191	\$ 4,022,566	\$ 4,707,979	\$ 4,529,093	\$ 4,236,617
State's proportionate share of the net other postemployment benefit liability associated with the District	<u>5,568,369</u>	<u>5,405,365</u>	<u>6,255,850</u>	<u>6,783,026</u>	<u>6,307,702</u>
Total other postemployment benefits liability	<u>\$ 9,724,560</u>	<u>\$ 9,427,931</u>	<u>\$ 10,963,829</u>	<u>\$ 11,312,119</u>	<u>\$ 10,544,319</u>
District's covered payroll	<u>\$ 9,879,687</u>	<u>\$ 9,255,017</u>	<u>\$ 8,156,584</u>	<u>\$ 7,808,347</u>	<u>\$ 7,849,062</u>
District's proportionate share of the net other postemployment benefit liability as a percentage of its covered payroll	42.07%	43.46%	57.72%	58.00%	53.98%
Plan fiduciary net position as a percentage of the total net other postemployment benefit liability	6.18%	4.99%	2.66%	1.57%	0.91%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB) -
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN**

For the year ended August 31, 2022

EXHIBIT G-4

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 90,624	\$ 84,129	\$ 78,895	\$ 70,842	\$ 59,098	\$ 47,985
Contribution in relation to the contractually required contribution	<u>(90,624)</u>	<u>(84,129)</u>	<u>(78,895)</u>	<u>(70,842)</u>	<u>(59,098)</u>	<u>(47,985)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 11,277,417</u>	<u>\$ 9,879,687</u>	<u>\$ 9,255,017</u>	<u>\$ 8,156,584</u>	<u>\$ 7,808,347</u>	<u>\$ 7,849,062</u>
Contribution as a percentage of covered payroll	0.80%	0.85%	0.85%	0.87%	0.76%	0.61%

The amounts presented are as of the District's fiscal year end of August 31.

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

For the year ended August 31, 2022

DATA CONTROL CODES		SPECIAL REVENUE FUNDS			
		211	224	225	240
		ESEA, TITLE I PART A	IDEA PART B FORMULA	IDEA PART B PRESCHOOL	NATIONAL SCHOOL BREAKFAST/LUNCH PROGRAM
ASSETS					
1110	Cash	\$ -	\$ -	\$ -	\$ 286,028
1240	Receivables from other governments	86,610	50,531	-	13,978
1260	Due from other funds	-	-	-	-
1000	Total assets	<u>\$ 86,610</u>	<u>\$ 50,531</u>	<u>\$ -</u>	<u>\$ 300,006</u>
LIABILITIES					
Current liabilities:					
2110	Accounts payable	\$ -	\$ 652	\$ -	\$ 34,196
2160	Accrued wages payable	14,342	19,030	-	-
2170	Due to other funds	70,626	29,736	-	-
2200	Accrued expenditures	1,642	1,113	-	-
2300	Unearned revenues	-	-	-	-
2000	Total liabilities	<u>86,610</u>	<u>50,531</u>	<u>-</u>	<u>34,196</u>
FUND BALANCES					
3450	Restricted - federal or state funds restricted	-	-	-	265,810
3545	Committed - other committed fund balance	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,810</u>
4000	Total liabilities and fund balances	<u>\$ 86,610</u>	<u>\$ 50,531</u>	<u>\$ -</u>	<u>\$ 300,006</u>

EXHIBIT H-1

SPECIAL REVENUE FUNDS								
255	263	281	282	284	285	289	385	397
ESEA, TITLE II PART A	TITLE III PART A-ELA	ESSER II FUNDS	ESSER III FUNDS	IDEA PART B ARP	IDEA PART B PRE ARP	TITLE IV PART A SUBPART 1	SUPPLEMENTAL VISUALLY IMPAIRED	ADVANCED PLACEMENT INCENTIVES
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36,623	4,565	111,252	121,306	-	540	10,621	392	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 36,623</u>	<u>\$ 4,565</u>	<u>\$ 111,252</u>	<u>\$ 121,306</u>	<u>\$ -</u>	<u>\$ 540</u>	<u>\$ 10,621</u>	<u>\$ 392</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	6,513	-	-	-	-	-
36,623	4,565	111,252	114,049	-	540	9,369	392	-
-	-	-	744	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,252</u>	<u>-</u>	<u>-</u>
<u>36,623</u>	<u>4,565</u>	<u>111,252</u>	<u>121,306</u>	<u>-</u>	<u>540</u>	<u>10,621</u>	<u>392</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 36,623</u>	<u>\$ 4,565</u>	<u>\$ 111,252</u>	<u>\$ 121,306</u>	<u>\$ -</u>	<u>\$ 540</u>	<u>\$ 10,621</u>	<u>\$ 392</u>	<u>\$ -</u>

(continued)

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

For the year ended August 31, 2022

EXHIBIT H-1

DATA CONTROL CODES		SPECIAL REVENUE FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
		410	461	
		STATE TEXBOOK FUND	CAMPUS ACTIVITY FUNDS	
	ASSETS			
1110	Cash	\$ -	\$ -	\$ 286,028
1240	Receivables from other governments	4,333	-	440,751
1260	Due from other funds	-	254,109	254,109
		<u>-</u>	<u>254,109</u>	<u>254,109</u>
1000	Total assets	\$ <u>4,333</u>	\$ <u>254,109</u>	\$ <u>980,888</u>
	LIABILITIES			
	Current liabilities:			
2110	Accounts payable	\$ -	\$ -	\$ 34,848
2160	Accrued wages payable	-	-	39,885
2170	Due to other funds	4,333	-	381,485
2200	Accrued expenditures	-	-	3,499
2300	Unearned revenues	-	-	1,252
2000	Total liabilities	<u>4,333</u>	<u>-</u>	<u>460,969</u>
	FUND BALANCES			
3450	Restricted - federal or state funds restricted	-	-	265,810
3545	Committed - other committed fund balance	-	254,109	254,109
3000	Total fund balances	<u>-</u>	<u>254,109</u>	<u>519,919</u>
	Total liabilities and fund balances	\$ <u>4,333</u>	\$ <u>254,109</u>	\$ <u>980,888</u>



LAGO VISTA INDEPENDENT SCHOOL DISTRICT

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

For the year ended August 31, 2022

DATA CONTROL CODES		SPECIAL REVENUE FUNDS			
		211	224	225	240
		ESEA, TITLE I	IDEA PART B	IDEA PART B	NATIONAL SCHOOL BREAKFAST/LUNCH
		PART A	FORMULA	PRESCHOOL	PROGRAM
	REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ 120,649
5800	State program revenues	-	-	-	7,646
5900	Federal program revenues	176,643	228,995	644	944,328
5020	Total revenues	<u>176,643</u>	<u>228,995</u>	<u>644</u>	<u>1,072,623</u>
	EXPENDITURES				
	Current:				
0011	Instruction	176,643	228,995	644	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	997,289
0036	Cocurricular/extracurricular activities	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
6030	Total expenditures	<u>176,643</u>	<u>228,995</u>	<u>644</u>	<u>997,289</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,334</u>
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	287
7080	Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>287</u>
1200	Net change in fund balance	-	-	-	75,621
0100	FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,189</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,810</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

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

For the year ended August 31, 2022

EXHIBIT H-2

SPECIAL REVENUE FUNDS						
255	263	281	282	284	285	289
ESEA, TITLE II PART A	TITLE III PART A-ELA	ESSER II FUNDS	ESSER III FUNDS	IDEA PART B ARP	IDEA PART B PRE ARP	TITLE IV PART A SUBPART 1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>53,906</u>	<u>4,915</u>	<u>111,252</u>	<u>291,096</u>	<u>67,044</u>	<u>540</u>	<u>23,140</u>
<u>53,906</u>	<u>4,915</u>	<u>111,252</u>	<u>291,096</u>	<u>67,044</u>	<u>540</u>	<u>23,140</u>
53,906	4,915	-	195,707	67,044	540	14,282
-	-	-	45,529	-	-	-
-	-	-	49,860	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	8,858
-	-	-	-	-	-	-
-	-	111,252	-	-	-	-
<u>53,906</u>	<u>4,915</u>	<u>111,252</u>	<u>291,096</u>	<u>67,044</u>	<u>540</u>	<u>23,140</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

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

For the year ended August 31, 2022

DATA CONTROL CODES		SPECIAL REVENUE FUNDS		
		385 SUPPLEMENTAL VISUALLY IMPAIRED	397 ADVANCED PLACEMENT INCENTIVES	410 STATE TEXTBOOK REVENUE FUNDS
	REVENUES			
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	1,757	211	26,436
5900	Federal program revenues	-	-	-
5020	Total revenues	<u>1,757</u>	<u>211</u>	<u>26,436</u>
	EXPENDITURES			
	Current:			
0011	Instruction	1,757	-	26,436
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	211	-
0033	Health services	-	-	-
0035	Food service	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-
0051	Plant maintenance and operations	-	-	-
6030	Total expenditures	<u>1,757</u>	<u>211</u>	<u>26,436</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
	Other financing sources and (uses)			
7915	Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
7080	Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net change in fund balance	-	-	-
0100	FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT H-2

<u>461</u>	<u>TOTAL</u>
CAMPUS	NONMAJOR
ACTIVITY	GOVERNMENTAL
FUNDS	FUNDS
\$ 302,391	423,040
-	36,050
-	<u>1,902,503</u>
<u>302,391</u>	<u>2,361,593</u>
-	770,869
-	45,529
-	49,860
-	211
-	8,858
-	997,289
270,141	270,141
-	111,252
<u>270,141</u>	<u>2,254,009</u>
<u>32,250</u>	<u>107,584</u>
-	<u>287</u>
-	<u>287</u>
32,250	107,871
<u>221,859</u>	<u>412,048</u>
<u>\$ 254,109</u>	<u>\$ 519,919</u>



OTHER SUPPLEMENTARY INFORMATION

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

LAGO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the year ended August 31, 2022

<u>YEAR ENDED</u> <u>AUGUST 31,</u>	TAX RATES		(3) ASSESSSED/APPRaised VALUE FOR SCHOOL TAX PURPOSES
	(1) <u>MAINTENANCE</u>	(2) <u>DEBT SERVICE</u>	
2013 and prior years	Various	Various	Various
2014	1.04000	0.28000	\$ 1,187,750,164
2015	1.04000	0.28000	1,244,550,642
2016	1.06000	0.26000	1,277,778,852
2017	1.06000	0.26000	1,355,324,796
2018	1.06000	0.26000	1,436,211,601
2019	1.06000	0.26000	1,622,649,537
2020	0.99000	0.26000	1,786,931,105
2021	0.94360	0.26000	1,921,302,358
2022 (school year under audit)	0.88200	0.32000	2,222,428,396
1000 Totals			

EXHIBIT J-1

(10) BEGINNING BALANCE 09/01/2021	(20) CURRENT YEAR'S TOTAL LEVY	(31) MAINTENANCE COLLECTIONS	(32) DEBT SERVICE COLLECTIONS	(40) ENTIRE YEAR'S ADJUSTMENTS	(50) ENDING BALANCE 8/31/2022
\$ 62,091	\$ -	\$ 3,348	\$ 538	\$ (321)	\$ 57,884
18,931	-	683	184	-	18,064
29,410	-	6,875	1,851	-	20,684
30,563	-	3,610	972	-	25,981
36,206	-	7,319	1,795	-	27,092
46,636	-	9,270	2,274	1	35,093
69,042	-	13,763	3,376	-	51,903
96,276	-	27,379	7,190	(98)	61,609
268,304	-	114,428	31,549	1,244	123,571
<u>-</u>	<u>26,713,589</u>	<u>19,312,369</u>	<u>7,006,755</u>	<u>(41,922)</u>	<u>352,543</u>
<u>\$ 657,459</u>	<u>\$ 26,713,589</u>	<u>\$ 19,499,044</u>	<u>\$ 7,056,484</u>	<u>\$ (41,096)</u>	<u>\$ 774,424</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION PROGRAM**

For the year ended August 31, 2022

EXHIBIT J-2

DATA CONTROL CODES	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
	REVENUES			
5700	\$ 150,000	\$ 150,000	\$ 120,649	\$ (29,351)
5800	4,500	4,500	7,646	3,146
5900	434,000	434,000	944,328	510,328
5020	<u>588,500</u>	<u>588,500</u>	<u>1,072,623</u>	<u>484,123</u>
	EXPENDITURES			
0035	<u>591,500</u>	<u>591,500</u>	<u>997,289</u>	<u>(405,789)</u>
6030	<u>591,500</u>	<u>591,500</u>	<u>997,289</u>	<u>(405,789)</u>
1100	<u>(3,000)</u>	<u>(3,000)</u>	<u>75,334</u>	<u>78,334</u>
	OTHER FINANCING SOURCES (USES):			
7915	<u>3,000</u>	<u>3,000</u>	<u>287</u>	<u>(2,713)</u>
1200	-	-	75,621	75,621
0100	<u>190,189</u>	<u>190,189</u>	<u>190,189</u>	<u>-</u>
3000	<u>\$ 190,189</u>	<u>\$ 190,189</u>	<u>\$ 265,810</u>	<u>\$ 75,621</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND**

For the year ended August 31, 2022

EXHIBIT J-3

DATA CONTROL CODES		BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
	REVENUES				
5700	Local and intermediate sources	\$ 7,053,685	\$ 7,053,685	\$ 7,059,174	\$ 5,489
5800	State program revenues	-	-	71,126	71,126
5020	Total revenues	<u>7,053,685</u>	<u>7,053,685</u>	<u>7,130,300</u>	<u>76,615</u>
	EXPENDITURES				
	Debt service:				
0071	Principal on long-term debt	3,233,634	3,233,634	4,110,000	(876,366)
0072	Interest on long-term debt	3,815,051	3,815,051	2,932,197	882,854
0073	Bond issuance costs and fees	<u>5,000</u>	<u>5,000</u>	<u>4,596</u>	<u>404</u>
	Total debt service	<u>7,053,685</u>	<u>7,053,685</u>	<u>7,046,793</u>	<u>6,892</u>
6030	Total expenditures	<u>7,053,685</u>	<u>7,053,685</u>	<u>7,046,793</u>	<u>6,892</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	83,507	83,507
0100	FUND BALANCE - BEGINNING	<u>2,024,000</u>	<u>2,024,000</u>	<u>2,675,395</u>	-
3000	FUND BALANCE - ENDING	<u>\$ 2,024,000</u>	<u>\$ 2,024,000</u>	<u>\$ 2,758,902</u>	<u>\$ 83,507</u>

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS

For the year ended August 31, 2022

EXHIBIT J-4

<u>Data Codes</u>	<u>Responses</u>
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Section A: Compensatory Education Programs

Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.104.		
AP1	Did your district expend any state compensatory education program state allotment funds during the district’s fiscal year?	Yes
AP2	Does the district 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.	\$ 549,141
AP4	List the actual direct program expenditures for state compensatory education programs during the district’s fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 569,250

Section B: Bilingual Education Programs

Districts are required to spend at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.105.		
AP5	Did your district expend any bilingual education program state allotment funds during the district’s fiscal year?	Yes
AP6	Does the district 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 district’s fiscal year.	\$ 69,312
AP8	List the actual direct program expenditures for bilingual education programs during the district’s fiscal year. (PICs 25, 35)	\$ 40,081

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

For the year ended August 31, 2022

EXHIBIT L-1

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold?	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	<u>\$ 3,783,422</u>



FEDERAL AWARDS SECTION



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

To the Board of School Trustees
Lago Vista Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lago Vista Independent School District (the District) as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

ABIP, PC

San Antonio, Texas

January 19, 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 School Trustees
Lago Vista Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lago Vista 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, 2022. 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

ABIP, PC

San Antonio, Texas
January 19, 2023

LAGO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended August 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS		
Type of auditor’s report issued:	<u>Unmodified</u>	
Internal control over financial reporting: • Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	___ Yes	_X_ No

FEDERAL AWARDS		
Internal control over financial reporting: • Material weakness(es) identified?	___ Yes	_X_ No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes	_X_ None Reported
Type of auditor’s report issued on compliance for Major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	___ Yes	_X_ No

IDENTIFICATION OF MAJOR PROGRAMS		
CFDA Number(s)	Name of Federal Program or Cluster	
84.425 10.553/10.555	ESSER – COVID 19 Child Nutrition Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	___ Yes	_X_ No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS

For the year ended August 31, 2022

None

LAGO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2022

EXHIBIT K-1

(1) FEDERAL GRANTOR / PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) FEDERAL ASSISTANCE LISTING NUMBER	(3) PASS-THROUGH ENTITY IDENTIFYING NUMBER	(4) TOTAL FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through State Department of Education:			
ESEA Title I, Part A - Improving Basic Programs	84.010A	22-610101227912	\$ 176,643
Total Federal Assistance Listing Number 84.010A			<u>176,643</u>
IDEA-Part B, Formula*	84.027	22-660001227912	228,995
COVID-19 IDEA-Part B, Formula*	84.027	22-535001227912	67,044
Total Federal Assistance Listing Number 84.027			<u>296,039</u>
IDEA-Part B, Preschool*	84.173	22-661001227912	644
COVID-19 IDEA-Part B, Preschool*	84.173	22-536001227912	540
Total Federal Assistance Listing Number 84.173			<u>1,184</u>
Total Special Education Cluster (IDEA)			<u>297,223</u>
ESEA Title III, Part A, English Language Acquisition	84.365A	22-671001227912	4,915
ESEA Title II, Part A, Teacher Principal Training	84.367A	22-694501227912	53,906
ESEA Title IV, Part A, Subpart 1	84.424A	22-680101227912	14,282
COVID-19 Elementary & Secondary School Emergency Relief Fund II	84.425D	21-521001227912	111,252
COVID-19 Elementary & Secondary School Emergency Relief Fund III	84.425U	21-528001227912	291,096
Total Federal Assistance Listing Number 84.048A			<u>402,348</u>
Total Passed Through State Department of Education			<u>949,317</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>949,317</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through State Department of Education:			
COVID-19 School Health Support Grant	93.323	22 -39352201	8,858
Passed Through State Workforce Commission			
Child Care Relief Fund Grant	93.575	145125210	27,107
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>35,965</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Agriculture:			
School Breakfast Program*	10.553	227-912	139,820
National School Lunch Program - Cash Assistance*	10.555	227-912	757,724
National School Lunch Program - Non-Cash Assistance*	10.555	227-912	46,170
P-EBT Assistance	10.555	227-912	614
Total Child Nutrition Cluster			<u>944,328</u>
Total Passed Through State Department of Agriculture			<u>944,328</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>944,328</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,929,610</u>

*Clustered Programs

LAGO VISTA INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended August 31, 2022

Note 1: Basis of presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Lago Vista Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements

Note 2: Federal awards reconciliation

SHARS funding	\$	206,159
Total expenditures from Schedule of Federal Awards		1,929,610
Total Federal Revenue per C-2		(2,108,662)
Total Federal Revenue per D-2		(27,107)
	\$	<u><u>-</u></u>

Note 3: Indirect costs

The District has elected to use the 10% de minimus indirect cost rate.

Note 4: Subrecipients

Of the federal expenditures presented in the SEFA, the District did not provide any federal awards to subrecipients.