



Sharyland Independent School District

FINANCIAL STATEMENTS

June 30, 2023

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INTRODUCTORY SECTION



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**Sharyland Independent School District
Principal Officials
June 30, 2023**

Board of Trustees

President	Jose “Pepe” Garcia
Vice President	Maritza L. Esqueda
Secretary	Hector M. Rivera
Assistant Secretary	David Keith
Member	Dr. Noe Oliveira
Member	Meagan Sullivan
Member	Julio Cerda

Administration

Superintendent	Dr. Maria Vidaurri
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Sharyland Independent School District
Certificate of the Board
For the Year Ended June 30, 2023

CERTIFICATE OF THE BOARD

SHARYLAND INDEPENDENT SCHOOL DISTRICT,
HIDALGO COUNTY

County Number 108, District Number 911, Region Number 1

We, the undersigned, do hereby certify that the attached annual financial report for the above named school district was reviewed and _____ ✓ _____ approved _____ disapproved for the year ended June 30, 2023 at the meeting of the Board of Trustees of such school district on the _____ 13th _____ day of November, 2023.



President, Board of Trustees



Secretary, Board of Trustees



FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sharyland Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Sharyland Independent School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise 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, the business-type activities, the major fund, and the aggregate remaining fund information of the Sharyland Independent School District (the "District"), as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No.96, Subscription Based Information Technology Arrangements (SBITAs). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Example School 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, the Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual- General Fund, Schedule of the District's Proportionate Share of the Net Pension Liability- Teacher Retirement System of Texas, Schedule of the District's Contributions for Pensions- Teacher Retirement System of Texas, Schedule of the District's Proportionate Share of the Net OPEB Liability- Teacher Retirement System of Texas, Schedule of District's Contributions for Other

Postemployment Benefits (OPEB)- Teacher Retirement System of Texas and the related notes to required supplementary information as listed in the table of contents to 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 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. The other information sections identified in the Table of Contents is presented for the purpose of additional analysis as required by the Texas Education Agency, and is also 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 schedule of expenditures of federal awards and exhibits in the other information section as identified in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
November 13, 2023

Sharyland Independent School District Management's Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent period by \$47,168,433 (*net position*).
- The District's expenses for the year for governmental activities were \$122,626,819 that accounted for \$4,544,063 less than revenues of \$127,170,882.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$41,857,307. Approximately 84 percent of this total amount, \$35,031,134 is *available for spending* at the District's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$35,014,491 or 33 percent of the total general fund expenditures.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the District's assets, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as

Sharyland Independent School District Management's Discussion and Analysis

opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges.

The District has one *business-type activity* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 15-17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 18-21 of this report.
- **Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type*

Sharyland Independent School District Management's Discussion and Analysis

activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District has one *business-type activity* or *enterprise fund*.

The second type of proprietary fund is the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the *internal service fund* to report activities for its self-funded insurance program and print shop. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position that can be found on pages 25-26.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-73 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 75-84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,168,433 as of June 30, 2023 and by \$42,610,757 as of June 30, 2022.

Sharyland Independent School District Management's Discussion and Analysis

	The District's Net Position					
	Governmental Activities		Business- Type Activites		Total	
	As Restated				As Restated	
	June 2023	June 2022	June 2023	June 2022	June 2023	June 2022
Current assets	\$ 62,556,727	\$ 61,811,047	\$ 114,276	\$ 83,426	\$ 62,671,003	\$ 61,894,473
Noncurrent assets	153,581,654	152,128,750	94,402	111,639	153,676,056	152,240,389
Total assets	216,138,381	213,939,797	208,678	195,065	216,347,059	214,134,862
Deferred outflows of resources	21,066,167	14,007,856	-	-	21,066,167	14,007,856
Current liabilities	19,717,552	15,236,170	-	-	19,717,552	15,236,170
Long-term liabilities	137,981,868	133,889,884	-	-	137,981,868	133,889,884
Total liabilities	157,699,420	149,126,054	-	-	157,699,420	149,126,054
Deferred inflows of resources	32,545,373	36,405,907	-	-	32,545,373	36,405,907
Net Position						
Net investment in capital assets	61,138,498	56,959,170	112,389	111,639	61,250,887	57,070,809
Restricted	4,696,458	3,921,587	-	-	4,696,458	3,921,587
Unrestricted	(18,875,201)	(18,465,065)	96,289	83,426	(18,778,912)	(18,381,639)
Total Net Position	\$ 46,959,755	\$ 42,415,692	\$ 208,678	\$ 195,065	\$ 47,168,433	\$ 42,610,757

The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit in the unrestricted balance was mainly due to GASB 68 and 75 transactions.

Governmental activities. The District's total net position increased by \$4,544,063 in 2023 and increased by \$9,133,616 in 2022. The total cost of all *governmental activities* these years was \$122,626,819 in 2023 and \$118,644,336 in 2022. The amount that our taxpayers paid for these activities through property taxes was \$46,778,363 or 38% in 2023 and \$44,237,569 or 37% in 2022.

Business activities. The District's total net position increased \$13,613 in 2023 and increased \$2,733 in 2022. The total cost of all *business activities* these years was \$228,992 in 2023 and \$191,221 in 2022.

Sharyland Independent School District Management's Discussion and Analysis

	Changes in the District's Net Position					
	Governmental Activities		Business Activities		Total	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Charges for services	\$ 1,980,342	\$ 1,593,329	\$ 242,605	\$ 193,954	\$ 2,222,947	\$ 1,787,283
Op.grants and contributions	22,838,120	25,828,761	-	-	22,838,120	25,828,761
General revenues						
Property Taxes	46,778,363	44,237,569	-	-	46,778,363	44,237,569
State Aid - Formula	53,427,863	55,664,406	-	-	53,427,863	55,664,406
Investment Earnings	1,999,439	264,712	-	-	1,999,439	264,712
Other	146,755	189,175	-	-	146,755	189,175
Total Revenues	127,170,882	127,777,952	242,605	193,954	127,413,487	127,971,906
EXPENSES						
Instruction	64,958,410	62,358,813	-	-	64,958,410	62,358,813
Instr.Resources & Media Svcs.	1,271,373	1,221,321	-	-	1,271,373	1,221,321
Curriculum and Staff Dev.	1,795,018	2,048,224	-	-	1,795,018	2,048,224
Instructional Leadership	3,199,288	3,188,036	-	-	3,199,288	3,188,036
School Leadership	6,156,330	6,050,884	-	-	6,156,330	6,050,884
Guidance, Counseling & Eval.Svcs.	5,150,104	4,792,882	-	-	5,150,104	4,792,882
Social Work Services	49,095	49,595	-	-	49,095	49,595
Health Services	985,443	1,402,941	-	-	985,443	1,402,941
Student Transportation	4,003,386	4,086,423	-	-	4,003,386	4,086,423
Food Services	6,456,794	6,747,130	-	-	6,456,794	6,747,130
Extracurricular Activities	7,992,987	7,571,583	-	-	7,992,987	7,571,583
General Administration	3,237,922	3,213,378	-	-	3,237,922	3,213,378
Facilities Maintenance and Operations	10,511,992	10,002,093	-	-	10,511,992	10,002,093
Security and Monitoring Services	1,803,008	1,229,621	-	-	1,803,008	1,229,621
Data Processing Services	1,041,026	1,041,190	-	-	1,041,026	1,041,190
Community Services	613,174	496,722	228,992	191,221	842,166	687,943
Debt Service-Interest on Long Term Debt	2,824,359	2,198,929	-	-	2,824,359	2,198,929
Debt Service-Bond Issuance Cost and Fees	55,530	451,947	-	-	55,530	451,947
Capital Outlay	1,068	-	-	-	1,068	-
Other Governmental Charges	520,512	492,624	-	-	520,512	492,624
Total Expenses	122,626,819	118,644,336	228,992	191,221	122,855,811	118,835,557
Total Increase in Net Position	4,544,063	9,133,616	13,613	2,733	4,557,676	9,136,349
Beginning, Net Position	42,415,692	33,282,076	195,065	192,332	42,610,757	33,474,408
Ending, Net Position	\$ 46,959,755	\$ 42,415,692	\$ 208,678	\$ 195,065	\$ 47,168,433	\$ 42,610,757

Table A-3 represents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the charges for services and operating grants and contributions). The net cost reflects the financial burden that was placed on the District's taxpayers for each of these functions.

Table A-3

	Cost			Net Cost		
	2023	2022	% Change	2023	2022	% Change
Instruction	64,958,410	62,358,813	4.2%	56,363,759	53,043,166	6.3%
Facilities Maintenance and Operations	10,511,992	10,002,093	5.1%	10,366,839	9,657,705	7.3%
Extracurricular Activities	7,992,987	7,571,583	5.6%	7,503,536	7,031,682	6.7%
Food Services	6,456,794	6,747,130	-4.3%	(99,353)	(784,029)	-87.3%

Sharyland Independent School District Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$41,857,307 a decrease of \$4,381,888. Approximately 84 percent of this total amount (\$35,031,134) constitutes *unassigned fund balance*. The remainder of fund balance is *nonspendable* or *restricted* or *committed* to indicate that it is not available for new spending. The District reported fund balance as nonspendable for inventories (\$424,120), for endowment principal (\$10,000) and for prepaid items (\$153,655). The District reported restricted fund balance for federal and state fund grants (\$2,999,312) and to pay debt service (\$2,667,840). District also committed fund balance for campus activities in the amount of \$571,246 as of June 30, 2023.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$35,014,491 while the total fund balance was \$35,480,510. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 33 percent of the total general fund expenditures, while total fund balance represents 34 percent of that same amount.

The fund balance of the District's general fund decreased by \$5,450,642 during the current fiscal period.

Proprietary funds. As mentioned earlier, the District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the enterprise fund at June 30, 2023, amounted to \$96,289. During the year, the funds had an increase in net position of \$13,613.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved budget revisions on an operating basis. The major amendments fall into the following categories:

- Amendments to revise estimates for local and state revenue based on the latest information on student attendance numbers and favorable current and delinquent tax collection rates.
- Amendments during the year for unexpected occurrences.

Sharyland Independent School District Management's Discussion and Analysis

- Amendments throughout the year for renovation/construction projects.

The District made the following amendments to increase (decrease) budgeted revenue:

Revenues from Local and Intermediate Sources	\$ 2,461,821
State Program Revenues	(1,500,000)
Federal Program Revenues	(116,000)

Following is a summary of amendments made to increase (decrease) appropriations:

Instructional and Instructional Related Services	\$ 559,346
Instructional and School Leadership	(123,299)
Support Services -Student (Pupil)	602,507
Administrative Support Services	139,382
Support Services - Non Student Based	1,031,580
Ancillary Services	825
Debt Services	1,164,375
Capital Outlay	8,731,847
Other	85,000

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$153,581,654 (net of accumulated depreciation and amortization), an increase of 0.96% over prior year. This investment in capital assets includes land, buildings, etc. as listed below.

	2023	2022
Land	\$ 11,783,647	\$ 11,657,499
Buildings and improvements	126,375,369	130,956,656
Furniture and equipment	7,805,816	7,687,809
Leased assets	581,476	777,976
Right-to-use subscription assets	281,096	-
Infrastructure Assets-Roads	299,966	327,034
Infrastructure Assets-Networks and Subsystems	313,627	339,404
Construction in Progress	6,140,657	382,372
Total capital assets	\$ 153,581,654	\$ 152,128,750

Sharyland Independent School District Management's Discussion and Analysis

Additional information on the District's capital assets can be found in Note 7 on pages 49-51 of this report.

Long-term debt. At the end of June 30, 2023, the District had \$90,627,278 in long-term obligations including general obligation bonds, lease payable, and maintenance tax notes. Long-term obligations presented a decrease of \$5,078,465 over prior year.

The District's bonds have received a rating of "Aaa" by Moody's by virtue of the guarantee of the Permanent School fund of the State of Texas. The presently outstanding tax supported debt of the District is rated "A2" by Moody's and "A" by Fitch Ratings.

The District also has issues outstanding which are rated "Aaa" by Moody's and "A" by Fitch Ratings by virtue of the guarantee of the Permanent School Fund of the State of Texas. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$419,833,929, which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 10 on pages 52-57 of this report.

Economic Factors and Next Year's Budgets and Rates

- Previously very rapid enrollment growth has subsided to a more sustainable pace, and anticipated future enrollment gains should position the district for additional state funding growth. The District's budget was prepared using prior year's Average Daily Attendance (ADA).
- Taxable assessed valuation continues to register gains primarily due to ongoing residential and commercial development. Although taxable assessed valuation growth has slowed since the pre-recession double-digit rates, the community's existing infrastructure, attractive master planned communities, and strength of our school system position the District for continued growth. The District taxable value for 2023 experienced a 14% growth when compared to 2022.
- The District has estimated revenues and appropriated expenditures in the 2023-24. General Fund officially adopted budget of \$102,527,984.

Independent Audit

The Texas Education Code, as well as our District policy, requires an annual audit of the District's financial statements by independent certified public accountants selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the financial audit was designed to also meet the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform

Sharyland Independent School District Management's Discussion and Analysis

Guidance). The independent auditors' report on the basic financial statements, required supplementary information, and other schedules are included in the financial sections of this report.

Awards

The Financial Integrity Rating System of Texas (FIRST) program, a financial accountability system for Texas school districts was developed by the Texas Education Agency in response to Senate bill 875 of the 76th Texas Legislature in 1999. The primary goal of FIRST is to achieve quality performance in the management of school district financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school financial system. The District has been awarded the "Superior Achievement" rating under FIRST since the inception of the ratings. The "Superior Achievement" rating is the state's highest financial rating, demonstrating the quality of Sharyland ISD sound fiscal management.

REQUESTS FOR INFORMATION

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

Jaime Ortega
Chief Financial Officer
Sharyland ISD
1200 N. Shary Road
Mission, Texas 78572

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SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT A-1

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 43,986,533	\$ 114,276	\$ 44,100,809
1120 Investments	1,474,041	-	1,474,041
1225 Property Taxes Receivable, Net	1,469,249	-	1,469,249
1240 Due from Other Governments	14,308,031	-	14,308,031
1250 Accrued Interest	210,507	-	210,507
1290 Other Receivables	530,591	-	530,591
1300 Inventories	424,120	-	424,120
1410 Prepaid Items	153,655	-	153,655
Capital Assets:			
1510 Land	11,783,647	-	11,783,647
1520 Buildings, Net	126,375,369	66,208	126,441,577
1530 Furniture and Equipment, Net	7,805,816	28,194	7,834,010
1550 Right-to-Use Leased Assets, Net	581,476	-	581,476
1553 SBITA Assets, Net	281,096	-	281,096
1580 Construction in Progress	6,140,657	-	6,140,657
1590 Infrastructure, Net	613,593	-	613,593
1000 Total Assets	<u>216,138,381</u>	<u>208,678</u>	<u>216,347,059</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701 Deferred Charge for Refunding	372,142	-	372,142
1705 Deferred Outflow Related to TRS Pension	13,591,361	-	13,591,361
1706 Deferred Outflow Related to TRS OPEB	7,102,664	-	7,102,664
1700 Total Deferred Outflows of Resources	<u>21,066,167</u>	<u>-</u>	<u>21,066,167</u>
LIABILITIES			
2110 Accounts Payable	4,305,593	-	4,305,593
2140 Interest Payable	1,100,757	-	1,100,757
2150 Payroll Deductions and Withholdings	978,992	-	978,992
2160 Accrued Wages Payable	7,916,404	-	7,916,404
2200 Accrued Expenses	1,996,163	-	1,996,163
2300 Unearned Revenue	184,360	-	184,360
Noncurrent Liabilities:			
2501 Due Within One Year: Loans, Note, Leases, etc.	3,235,283	-	3,235,283
Due in More than One Year:			
2502 Bonds, Notes, Loans, Leases, etc.	87,391,995	-	87,391,995
2540 Net Pension Liability (District's Share)	32,337,274	-	32,337,274
2545 Net OPEB Liability (District's Share)	18,252,599	-	18,252,599
2000 Total Liabilities	<u>157,699,420</u>	<u>-</u>	<u>157,699,420</u>
DEFERRED INFLOWS OF RESOURCES			
2605 Deferred Inflow Related to TRS Pension	3,290,605	-	3,290,605
2606 Deferred Inflow Related to TRS OPEB	29,254,768	-	29,254,768
2600 Total Deferred Inflows of Resources	<u>32,545,373</u>	<u>-</u>	<u>32,545,373</u>
NET POSITION			
3200 Net Investment in Capital Assets and Right-to-Use Lease Restricted:	61,138,498	112,389	61,250,887
3820 Restricted for Federal and State Programs	2,999,312	-	2,999,312
3850 Restricted for Debt Service	1,697,146	-	1,697,146
3900 Unrestricted	(18,875,201)	96,289	(18,778,912)
3000 Total Net Position	<u>\$ 46,959,755</u>	<u>\$ 208,678</u>	<u>\$ 47,168,433</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	1	Program Revenues			
		3	4	5	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 64,959,478	\$ 507,170	\$ 8,087,481	\$ -
12	Instructional Resources and Media Services	1,271,373	35,806	88,352	-
13	Curriculum and Instructional Staff Development	1,795,018	-	1,044,213	-
21	Instructional Leadership	3,199,288	5,968	391,706	-
23	School Leadership	6,156,330	286,444	292,148	-
31	Guidance, Counseling, and Evaluation Services	5,150,104	3,854	1,806,388	-
32	Social Work Services	49,095	-	1,270	-
33	Health Services	985,443	-	176,741	-
34	Student (Pupil) Transportation	4,003,386	-	107,210	-
35	Food Services	6,456,794	700,410	5,855,737	-
36	Extracurricular Activities	7,992,987	381,014	108,437	-
41	General Administration	3,237,922	59,676	417,805	-
51	Facilities Maintenance and Operations	10,511,992	-	145,153	-
52	Security and Monitoring Services	1,803,008	-	-	-
53	Data Processing Services	1,041,026	-	323,644	-
61	Community Services	613,174	-	633,112	-
72	Debt Service - Interest on Long-Term Debt	2,824,359	-	-	-
73	Debt Service - Bond Issuance Cost and Fees	55,530	-	-	-
81	Capital Outlay	-	-	-	3,358,723
99	Other Intergovernmental Charges	520,512	-	-	-
	[TG] Total Governmental Activities:	122,626,819	1,980,342	19,479,397	3,358,723
BUSINESS-TYPE ACTIVITIES:					
01	Enterprise Funds - After-School Day Care	228,992	242,605	-	-
	[TB] Total Business-Type Activities:	228,992	242,605	-	-
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 122,855,811	\$ 2,222,947	\$ 19,479,397	\$ 3,358,723

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
DT	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (56,364,827)	\$ -	\$ (56,364,827)
(1,147,215)	-	(1,147,215)
(750,805)	-	(750,805)
(2,801,614)	-	(2,801,614)
(5,577,738)	-	(5,577,738)
(3,339,862)	-	(3,339,862)
(47,825)	-	(47,825)
(808,702)	-	(808,702)
(3,896,176)	-	(3,896,176)
99,353	-	99,353
(7,503,536)	-	(7,503,536)
(2,760,441)	-	(2,760,441)
(10,366,839)	-	(10,366,839)
(1,803,008)	-	(1,803,008)
(717,382)	-	(717,382)
19,938	-	19,938
(2,824,359)	-	(2,824,359)
(55,530)	-	(55,530)
3,358,723	-	3,358,723
(520,512)	-	(520,512)
(97,808,357)	-	(97,808,357)
-	13,613	13,613
-	13,613	13,613
(97,808,357)	13,613	(97,794,744)
39,307,855	-	39,307,855
7,470,508	-	7,470,508
53,427,863	-	53,427,863
1,999,439	-	1,999,439
146,755	-	146,755
102,352,420	-	102,352,420
4,544,063	13,613	4,557,676
42,415,692	195,065	42,610,757
\$ 46,959,755	\$ 208,678	\$ 47,168,433

SHARYLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 34,792,309	\$ 7,473,587	\$ 42,265,896
1120 Investments	1,435,479	38,562	1,474,041
1225 Taxes Receivable, Net	1,285,752	183,497	1,469,249
1240 Due from Other Governments	11,796,330	2,511,701	14,308,031
1250 Accrued Interest	175,127	26,225	201,352
1260 Due from Other Funds	2,052,988	-	2,052,988
1300 Inventories	312,364	111,756	424,120
1410 Prepaid Items	153,655	-	153,655
1000 Total Assets	<u>\$ 52,004,004</u>	<u>\$ 10,345,328</u>	<u>\$ 62,349,332</u>
LIABILITIES			
2110 Accounts Payable	\$ 3,419,468	\$ 776,654	\$ 4,196,122
2150 Payroll Deductions and Withholdings Payable	898,066	80,926	978,992
2160 Accrued Wages Payable	7,292,589	623,815	7,916,404
2170 Due to Other Funds	1,565	2,051,423	2,052,988
2200 Accrued Expenditures	90,746	159,790	250,536
2300 Unearned Revenue	8,721	175,639	184,360
2000 Total Liabilities	<u>11,711,155</u>	<u>3,868,247</u>	<u>15,579,402</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Deferred Inflow of Resources - Property Taxes	843,634	100,284	943,918
2602 Deferred Inflow of Resources - Other	3,968,705	-	3,968,705
2600 Total Deferred Inflows of Resources	<u>4,812,339</u>	<u>100,284</u>	<u>4,912,623</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	312,364	111,756	424,120
3425 Endowment Principal	-	10,000	10,000
3430 Prepaid Items	153,655	-	153,655
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	2,999,312	2,999,312
3480 Retirement of Long-Term Debt	-	2,667,840	2,667,840
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	571,246	571,246
3600 Unassigned Fund Balance	35,014,491	16,643	35,031,134
3000 Total Fund Balances	<u>35,480,510</u>	<u>6,376,797</u>	<u>41,857,307</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 52,004,004</u>	<u>\$ 10,345,328</u>	<u>\$ 62,349,332</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	41,857,307
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		405,285
2 Capital assets (including right-to-use subscription assets) of \$250,940,655 net of accumulated depreciation/amortization of \$97,359,001 are not financial resources, and therefore, are not reported as assets in governmental funds. This results in an increase in net position.		153,581,654
3 Long-term liabilities, including bonds and notes payable of (\$79,450,000), premium on bonds and notes of (\$9,781,170), accretion of CAB's of (\$1,089,439), deferred charges on refunding of \$372,142, and lease liabilities of (\$306,699), are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		(90,255,136)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS was a Deferred Resource Outflow in the amount of \$5,942,549, a Deferred Resource Inflow in the amount of (\$15,107,607) and a net pension liability in the amount of (\$12,871,460). This resulted in a decrease in net position.		(22,036,518)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred outflow in the amount of \$9,236,552, a deferred resource inflow in the amount of (\$21,298,300), and a net OPEB liability in the amount of (\$28,342,955). This resulted in a decrease in net position.		(40,404,703)
6 Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(1,100,757)
7 Property tax receivables of \$943,918 and SHARS receivables of \$3,968,705 are not currently available and are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		4,912,623
19 Net Position of Governmental Activities	\$	46,959,755

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 41,883,024	\$ 9,086,431	\$ 50,969,455
5800 State Program Revenues	56,387,622	925,402	57,313,024
5900 Federal Program Revenues	1,021,620	19,953,198	20,974,818
5020 Total Revenues	<u>99,292,266</u>	<u>29,965,031</u>	<u>129,257,297</u>
EXPENDITURES:			
Current:			
0011 Instruction	56,552,900	6,502,327	63,055,227
0012 Instructional Resources and Media Services	1,129,610	150,820	1,280,430
0013 Curriculum and Instructional Staff Development	811,683	1,039,784	1,851,467
0021 Instructional Leadership	3,012,316	339,910	3,352,226
0023 School Leadership	6,023,662	385,231	6,408,893
0031 Guidance, Counseling, and Evaluation Services	3,666,428	1,728,761	5,395,189
0032 Social Work Services	47,390	-	47,390
0033 Health Services	875,557	157,636	1,033,193
0034 Student (Pupil) Transportation	4,310,303	11,319	4,321,622
0035 Food Services	66,420	6,590,606	6,657,026
0036 Extracurricular Activities	7,302,005	203,643	7,505,648
0041 General Administration	3,358,762	17,079	3,375,841
0051 Facilities Maintenance and Operations	10,394,501	316,311	10,710,812
0052 Security and Monitoring Services	1,798,947	1,021	1,799,968
0053 Data Processing Services	1,124,893	300,986	1,425,879
0061 Community Services	12,453	629,369	641,822
Debt Service:			
0071 Principal on Long-Term Liabilities	764,632	3,870,001	4,634,633
0072 Interest on Long-Term Liabilities	129,152	3,166,899	3,296,051
0073 Bond Issuance Cost and Fees	-	55,530	55,530
Capital Outlay:			
0081 Facilities Acquisition and Construction	3,054,083	3,429,044	6,483,127
Intergovernmental:			
0099 Other Intergovernmental Charges	520,512	-	520,512
6030 Total Expenditures	<u>104,956,209</u>	<u>28,896,277</u>	<u>133,852,486</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,663,943)</u>	<u>1,068,754</u>	<u>(4,595,189)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	62,865	-	62,865
7949 Proceeds of SBITAs and Other Resources	150,436	-	150,436
7080 Total Other Financing Sources (Uses)	<u>213,301</u>	<u>-</u>	<u>213,301</u>
1200 Net Change in Fund Balances	(5,450,642)	1,068,754	(4,381,888)
0100 Fund Balance - July 1 (Beginning)	<u>40,931,152</u>	<u>5,308,043</u>	<u>46,239,195</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 35,480,510</u>	<u>\$ 6,376,797</u>	<u>\$ 41,857,307</u>

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

SHARYLAND 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 JUNE 30, 2023

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$	(4,381,888)
<p>The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase payments.</p>		
		(239,913)
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2023 capital outlays and debt principal payments is to increase net position.</p>		
		13,385,038
<p>Depreciation and amortization of leases are not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.</p>		
		(6,637,357)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and other revenues unavailable for \$1,373,956, change in refunding (\$83,826), change in interest payable (\$282,846), and the change in CAB accretion of (\$215,196). The net effect of these reclassifications and recognitions is an increase in net position.</p>		
		792,088
<p>New Subscription-Based Information Technology asset of \$150,436 and its related subscription liability of (\$150,436), principal payments related to subscription liabilities of \$30,954 and the amortization of right-to-use subscription assets of (\$32,072) were reported in the statement of activities.</p>		
		(1,118)
<p>GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,308,802. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$2,135,848. Finally, the proportionate share of TRS pension expense on the plan as a whole had to be recorded. The net position expense decreased the change in net position by \$1,298,631. The net result is a decrease in the change in net position.</p>		
		(1,125,677)
<p>GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$535,191. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$522,237. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by (\$2,739,936). The net result is an increase in the change in net position.</p>		
		2,752,890
Change in Net Position of Governmental Activities	\$	4,544,063

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 114,276	\$ 1,720,637
Accrued Interest	-	9,155
Other Receivables	-	530,591
Total Current Assets	114,276	2,260,383
Noncurrent Assets:		
Capital Assets:		
Buildings and Improvements, Net	66,208	-
Furniture and Equipment, Net	28,194	-
Total Noncurrent Assets	94,402	-
Total Assets	208,678	2,260,383
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	109,471
Accrued Expenses	-	1,745,627
Total Liabilities	-	1,855,098
NET POSITION		
Net Investment in Capital Assets	112,389	-
Unrestricted Net Position	96,289	405,285
Total Net Position	\$ 208,678	\$ 405,285

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 230,348	\$ 10,530,365
State Program Revenues	12,257	-
Total Operating Revenues	<u>242,605</u>	<u>10,530,365</u>
OPERATING EXPENSES:		
Payroll Costs	182,594	-
Professional and Contracted Services	4,785	1,647,761
Supplies and Materials	19,557	-
Other Operating Costs	4,819	9,191,500
Depreciation Expense	17,237	-
Total Operating Expenses	<u>228,992</u>	<u>10,839,261</u>
Operating Income (Loss)	<u>13,613</u>	<u>(308,896)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	68,983
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>68,983</u>
Change in Net Position	13,613	(239,913)
Total Net Position - July 1 (Beginning)	<u>195,065</u>	<u>645,198</u>
Total Net Position - June 30 (Ending)	<u>\$ 208,678</u>	<u>\$ 405,285</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 242,605	\$ 10,219,781
Cash Received from Assessments - Other Funds	-	(7,581)
Cash Payments to Employees for Services	(187,379)	(1,695,779)
Cash Payments for Suppliers	(19,557)	-
Cash Payments for Other Operating Expenses	(4,819)	(8,189,903)
Net Cash Provided by Operating Activities	<u>30,850</u>	<u>326,518</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Earning from Temporary Deposits and Investments	-	68,983
Transfer from other funds	-	(200,000)
Net Cash Used for Non-Capital Financing Activities	<u>-</u>	<u>(131,017)</u>
Net Increase in Cash and Cash Equivalents	30,850	195,501
Cash and Cash Equivalents at Beginning of Year	83,426	1,525,136
Cash and Cash Equivalents at End of Year	<u>\$ 114,276</u>	<u>\$ 1,720,637</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Income (Loss):	\$ 13,613	\$ (308,896)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	17,237	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	-	(310,584)
Increase (decrease) in Accounts Payable	-	(48,018)
Increase (decrease) in Payroll Deductions	-	(7,581)
Increase (decrease) in Accrued Wages Payable	-	1,001,597
Net Cash Provided by Operating Activities	<u>\$ 30,850</u>	<u>\$ 326,518</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

EXHIBIT E-1

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 171,529	\$ 433,954
Investments - Current	-	284,723
Accrued Interest	792	2,004
Total Assets	172,321	720,681
LIABILITIES		
Accounts Payable	18,460	29,543
Total Liabilities	18,460	29,543
NET POSITION		
Restricted for Campus Activities	-	691,138
Restricted for Scholarships	153,861	-
Total Net Position	\$ 153,861	\$ 691,138

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust Fund	Total Custodial Funds
ADDITIONS:		
Contributions to Student Groups	\$ -	\$ 199,612
Miscellaneous Revenue - Student Activities	-	796,778
Earnings from Temporary Deposits	6,579	31,182
Contributions, Gifts and Donations	12,100	-
Total Additions	<u>18,679</u>	<u>1,027,572</u>
DEDUCTIONS:		
Supplies and Materials	-	83,923
Other Deductions	26,530	880,742
Total Deductions	<u>26,530</u>	<u>964,665</u>
Change in Fiduciary Net Position	(7,851)	62,907
Total Net Position - July 1 (Beginning)	<u>161,712</u>	<u>628,231</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 153,861</u></u>	<u><u>\$ 691,138</u></u>

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

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sharyland Independent School District (“District”) was created in 1921. The District is committed to providing the highest quality education for all students. There are a total of thirteen campuses, which include eight elementary schools, two junior high schools, and three high schools.

Reporting Entity

The Sharyland Independent School District is a public educational agency operating under the applicable laws and regulation of the State of Texas. A seven-member Board of Trustees governs the District that is elected by registered voters of the District. The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources of the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Educational Agency (“TEA”) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

The Board of Trustees (“Board”), a seven-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Sharyland Independent School District. The governing Board derives its powers from the statutes of the State of Texas and the rules and regulations of the Texas State Department of Education. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, as the District is not included in any other governmental “reporting entity” as defined by the GASB in its Statements No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. The District has no component units.

Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

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

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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 government funds and enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated by type and reported as non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to longevity pay, claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Unearned revenue is reported in the governmental funds when a potential revenue does not meet both the “measureable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

The proprietary and custodial funds are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for fiduciary funds, though these are excluded from the government-wide financial statements.

As discussed earlier, the District has no component units.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, and internal service funds and fiduciary funds each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Fiduciary funds are used to report assets held in a trustee or agency capacity for others that cannot be used to support the government’s own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The District reports the following major governmental funds:

The *General Fund* is the District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program, and interest earnings.

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, and debt service.

Additionally, the District reports the following fund types:

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects. Most federal and some state financial award programs are accounted for in these funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. The principal operating revenues of the District's internal service fund and after school care funds is charges for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds. The Enterprise Fund accounts for the District's After-School Day Care Programs.

Internal Service Fund. The District's self-funded medical and workers' compensation insurance plans provided for the benefit of eligible employees. The plans are intended to be self-supporting and contributions for premiums are increased periodically to cover the cost of claims, insurance premiums and administrative fees.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The *private-purpose trust fund* accounts for donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.

The *custodial fund* accounts for resources held in a custodial capacity by the District and consists of funds that are the property of student groups or others. The District provides accounting services and collect monies on behalf of student groups or others expected to be distributed within three months of receipt. These funds are not held in trust.

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and debt service fund. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and function. Transfers of appropriations between funds require the approval of the board of trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Excess of expenditures over appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in instructional leadership and data processing services of the General Fund by \$91,520. The overspending was due to implementation of GASB 96.

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

Cash and cash equivalents

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

Investments

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

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirement of the Act. Additionally, investment practices of the District were in accordance with local policies.

Investments in entities (such as investment pools) that calculate Net Asset Value per Share and follow the requirements of GASB Statement No. 79 are reported at amortized costs. All other investments are reported at fair value unless a legal contract exists which guarantees a high value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The Act determines the type of investments, which are allowable for the District. These include, with certain restrictions, (1) obligation of, or guaranteed by, governmental entities, (2) certificates of deposit and share certificates, (3) fully collateralized repurchase agreements, (4) a securities lending program, (5) banker's acceptances, (6) commercial paper, (7) no-load money market mutual funds and no-load mutual funds, (8) guaranteed investment contracts, and (9) public funds investment pools. The district policy authorizes all the State allowable investments.

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Receivable and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal period are referred to as either “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible. Property taxes are levied by October 1st on the assessed value listed as of the prior January 1st for all real and business personal property in the District in conformity with Subtitle E, Texas Property Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 31st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Delinquent taxes are prorated between general and debt service funds based on rates adopted for the year of the levy. Allowance for uncollectible tax receivables within the general and debt service funds are based on 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.

Accrued liabilities include amounts accrued for salaries and for self-insurance claims.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Similarly, interfund receivables and payables are netted and presented as a single “Internal Balances” line of the government-wide statement of net assets. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at cost and they include consumable custodial, maintenance, transportation supplies. Inventories of governmental funds are recorded as expenditures when they are consumed rather than when purchased. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received in the governmental funds. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Prepaid items are payments made for services that benefit periods beyond the current period.

Capital Assets

Capital assets, which include land, buildings, right-to-use leased assets, right-to-use subscription assets, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are not capitalized. A capitalization threshold of \$5,000 is used.

Land and construction in progress are not depreciated. The other capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset class	Estimated useful lives
Buildings	50
Building improvements	7-25
Furniture and equipment	5-20
Right-to-use lease assets	3-12
Right-to-use subscription assets	3-5
Infrastructure assets - roads	20
Infrastructure assets - networks and subsystems	5

Deferred Outflows/Inflows of Resources

Certain defined transactions that do not qualify for treatment as either assets or liabilities are required to be accounted for and reported as either deferred outflows of resources (a separate subheading following assets but before liabilities) or deferred inflows of resources (a separate subheading following liabilities but before equity).

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Deferred outflows of resources represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. It has a positive effect on net position, similar to assets. The deferred amount for advance refunding of debt is a result of the difference in the carrying value of refunded debt and its reacquisition price is reported as a deferred outflow of resources. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. It has a negative effect on net position similar to liabilities. Advances of revenue from imposed nonexchange transactions such as property taxes or transactions recorded as a receivable prior to the period when resources are required to be used or are available, are reported as deferred inflows of resources at the fund level. Deferred refunding debt (credits) are reported as deferred inflow of resources and are amortized over the lesser life of the refunding bonds or refunded debt. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The deferred outflows and deferred inflows related to pensions and other postemployment benefits (OPEB) are an aggregate of items related to pensions and OPEB calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred inflows of resources for pension and OPEB are reported in the government-wide financial statement of net position. These deferred inflows result primarily from differences between projected and actual earnings on pension plan investments and on changes in actuarial assumptions in the OPEB plan. These amounts will be amortized between 5.00 and 9.1672 years.

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.

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*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.

Leases

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The leased asset is recorded for the same amount as the related lease liability plus prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payments.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Pensions

The District is a member employer of the Teacher Retirement System of Texas (TRS) and, therefore, records its proportionate share of the pension liability and related accounts in these financial

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

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

Other Post-Employment Benefits (OPEB) Liability

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

Government-wide Net Position

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

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied. The District's net position is composed of the following:

Net Investment in Capital Assets. The component of net position that represents capital assets less capital related debt.

Restricted for State and Federal Programs. The component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Agriculture, the Texas Education Agency and other federal and state entities.

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Restricted for Debt Service. The component of net position that reports the restricted assets set aside in a sinking fund, net of accrued interest, that have constraints placed on their use by the debt covenant.

Unrestricted. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not reported in net position invested in capital assets, net position restricted for debt services, or net position restricted for state and federal programs. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

Fund Balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. There are two major categories of fund balances, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. As such, the prepaid insurance and inventories have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

In addition to the nonspendable fund balance, there is a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that can be used only for the specific purposes imposed by formal action through the adoption of a resolution by the Board of Trustees, which is the highest level of decision making authority in the District. Those committed amounts cannot be used for any

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process.

Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered legally enforceable. Committed fund balance also incorporates contract obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements

- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The Board has, by local policy – annual operating budget, authorized the Superintendent, or his designee, to assign fund balance. The Board, Superintendent or designee may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not have to be taken for the removal of an assignment.

- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management’s estimates. Actual results could vary from the estimates assumed in preparing the financial statements. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, pension liability, and OPEB liability.

Internal Service Fund Activity

Because the principal users of the internal service activities are the District’s governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

Only the net profit or loss before investment income is allocated to the operating programs benefited. The investment income is combined with other unrestricted income as general revenue in the statement of activities.

Accounting System

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State board of Education and

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statement filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 13, 2023. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In 2023, the District implemented Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. See Note 2 for implications to the financial statements in the implementation of this standard.

In 2023, the District implemented Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment, improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement was adopted in the current year, resulting in no material effect.

Sharyland Independent School District Notes to Financial Statements

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Future accounting standards possibly applicable to the District that have been issued by the Governmental Accounting Standards Board are:

- Statement 100, *Accounting Changes and Error Corrections*
- Statement 101, *Compensated Absences*

Statement No. 100, establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The District is evaluating the requirements of GASB No. 100 and the impact on reporting for future years.

Statement No. 101, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The District is evaluating the requirements of GASB No. 101 and the impact on reporting for future years.

Note 2 – CHANGE IN ACCOUNTING PRINCIPLE

The District adopted GASB No. 96, *Subscription-Based Information Technology Arrangements* as of July 1, 2022. The District evaluated contracts that were formerly accounted for as right-to-use subscription assets as defined in GASB 96. At July 1, 2022, the District had right-to-use subscription assets beginning balance of \$244,098. Due to the implementation of GASB 96 the District calculated and recognized additional right-to-use subscription assets of \$150,436 and subscription liabilities of \$150,436. There were no impacts to the beginning net position related to the adoption of GASB 96.

**Sharyland Independent School District
Notes to Financial Statements**

Note 3 – COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provision

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

Violations reported	Actions taken
None	Not applicable

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2023, the District had two expenditure functions (21 and 53) exceeding appropriated amounts by \$91,520.

Note 3 – COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Balances of Individual Funds or Deficit Net Position

The District does not have funds with deficit fund balances at year end. The District has a negative unrestricted net position in the Governmental Activities of (\$ 18,875,201) at year end. The result of this negative balance is due to activities related to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions*. (Refer to Note 15).

Note 4 – DEPOSITS AND INVESTMENTS

A. Disclosures Related to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is that risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party.

The Public Funds Investment Act, the District’s investment policy, and Government Code Chapter 2257 “Collateral for Public Funds” contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

Sharyland Independent School District Notes to Financial Statements

Note 4 – DEPOSITS AND INVESTMENTS (*Continued*)

To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonable possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holding shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

The District’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District’s agent bank approved pledged securities and letters of credit in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

B. Cash Deposits

At June 30, 2023, the carrying amount of the District’s deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$44,704,592 and the bank balance was \$46,223,568. The District’s cash deposits at June 30, 2023 and for the year ended June 30, 2023, were entirely covered by FDIC insurance or letters of credit and by pledged collateral held by the District’s agent bank in the District’s name.

A reconciliation of cash and investments as shown on the Statement of Net Position for the primary government are as follows:

Cash on hand	\$	1,700
Carrying amount deposit		44,704,592
Investments		1,758,764
Less: statement of fiduciary net assets		(890,206)
Cash and investments statement of net position	\$	45,574,850

Exhibit A-1

Cash and cash equivalents	\$	44,100,809
Investments		1,474,041
Cash and investments statement of net position	\$	45,574,850

Sharyland Independent School District Notes to Financial Statements

Note 4 – DEPOSITS AND INVESTMENTS (*Continued*)

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

- a. Depositories: Texas Regional Bank
- b. The market value of securities and letters of credit as of the date of the highest combined balance on deposit was \$66,973,499.
- c. The highest combined balance of cash, saving and time deposits accounts amounted to \$65,791,898 occurred during the month of January 2023.
- d. Total amount of FDIC coverage at the time of the largest combined balances was \$250,000.

C. Investments

Statutes authorize the District to invest in obligations of the U.S. Treasury or the State of Texas allowed by Chapter 2256 Public Funds Investment and Chapter 2257 Collateral for Public Funds of the Government Code.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The District's management believes that it complied in all material respects with the requirements of the Public Funds Investment Act and the District's investment policies.

During the fiscal period the District maintained investments in various pools. Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act

designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

All of the investment pools that the District is invested in have met the criteria established under GASB statement No. 79 to report their value at amortized cost. All of the investment pools strive to maintain a \$1 per share net asset value. Additionally, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

At June 30, 2023, the District's investments are summarized below:

Sharyland Independent School District
Notes to Financial Statements

Note 4 – DEPOSITS AND INVESTMENTS (Continued)

	Weighted average maturity	Reported amount
Logic Investment Pool	38 days average	\$ 458,430
TexPool Investments	22 days average	343,245
TexPool Prime Investments	26 days average	690,205
Lone Star Investment	23 days average	266,884
Total		\$ 1,758,764

D. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the District's investment policy and the Texas Public Funds Investment Act and actual rating as of period-end for each investment.

Investment or Investment Type	Amount	Rating	Exposure
Logic Investment Pool	\$ 458,430	AAA-m	26%
TexPool Investments	343,245	AAA-m	20%
TexPool Prime Investments	690,205	AAA-m	39%
Lone Star Investment	266,884	AAA-m	15%
Total	\$ 1,758,764		

E. Concentration of Credit Risk

Concentration of credit risk is the risk of loss to the magnitude of the District's investment in a single issuer. Portfolio diversification is employed in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer, as a way to control risk. Investments issued are explicitly guaranteed by the U.S. government, mutual funds and investment pools are excluded from this requirement.

Sharyland Independent School District
Notes to Financial Statements

Note 5 – RECEIVABLES

Significant receivables for the government’s individual major funds and other, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows.

Property taxes

Property taxes are levied by October 1st 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 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal period.

The 2022 assessed valuation was \$4,198,339,293.

Delinquent taxes are prorated between the general fund and debt service fund based on the tax rate approved by the Board. For the year ended June 30, 2023, the rates were \$0.9429 and \$0.1805, respectively, per \$100 of assessed value.

	General fund	Debt service fund	Total
Total taxes receivable	\$ 3,179,093	\$ 545,941	\$ 3,725,034
Less: allowance for uncollectible	(1,893,341)	(362,444)	(2,255,785)
Property taxes receivable, net	\$ 1,285,752	\$ 183,497	\$ 1,469,249

Sharyland Independent School District
Notes to Financial Statements

Note 5- RECEIVABLES (Continued)

Due From Other Governments

Amounts due from other governments and agencies are as follows:

	General fund	Other funds	Total
Due from other governments			
Texas Education Agency	\$ 8,933,841	\$ 2,330,490	\$ 11,264,331
Medicaid program (SHARS)	2,645,763	-	2,645,763
Other	216,726	181,211	397,937
Total	\$ 11,796,330	\$ 2,511,701	\$ 14,308,031

Unearned revenues

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

At the end of the current fiscal period, the various components of unearned revenues are:

	General fund	Other funds	Total
Foundation revenue	\$ 8,721	\$ -	\$ 8,721
State grants	-	175,639	175,639
Total	\$ 8,721	\$ 175,639	\$ 184,360

Sharyland Independent School District
Notes to Financial Statements

Note 6 – DISAGGREGATION OF OTHER RECEIVABLE AND ACCRUED LIABILITIES

Other receivables and accrued liabilities as of June 30, 2023 for the District’s individual major, nonmajor, and internal service funds in the aggregate are as follows:

Other receivables	General fund	Other funds	Internal service fund	Total
Miscellaneous	\$ -	\$ -	\$ 530,591	\$ 530,591
Total	\$ -	\$ -	\$ 530,591	\$ 530,591
Accrued expenses				
Wages payable	\$ 7,292,589	\$ 623,815	\$ -	\$ 7,916,404
Claims payable	-	-	1,745,627	1,745,627
Total	\$ 7,292,589	\$ 623,815	\$ 1,745,627	\$ 9,662,031

Sharyland Independent School District Notes to Financial Statements

Note 7 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, are as follows:

	Restated Balance at 7/1/2022	Increases	Reclassify	Decreases	Balance at 6/30/2023
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 11,657,499	\$ 126,148	\$ -	\$ -	\$ 11,783,647
Construction in progress	382,372	6,355,910	(597,625)	-	6,140,657
Total capital assets, not being depreciated	<u>12,039,871</u>	<u>6,482,058</u>	<u>(597,625)</u>	<u>-</u>	<u>17,924,304</u>
Capital assets, being depreciated:					
Building and improvements	202,521,733	-	597,625	(24,700)	203,094,658
Furniture and equipment	26,383,846	1,357,468	-	(643,813)	27,097,501
Infrastructure asset - roads	541,357	-	-	-	541,357
Infrastructure assets - networks and subsystems	688,797	-	-	-	688,797
Total capital assets, being depreciated	<u>230,135,733</u>	<u>1,357,468</u>	<u>597,625</u>	<u>(668,513)</u>	<u>231,422,313</u>
Less accumulated depreciation for:					
Building and improvements	(71,565,077)	(5,163,063)	-	8,851	(76,719,289)
Furniture and equipment	(18,696,037)	(1,143,583)	-	547,935	(19,291,685)
Infrastructure asset - roads	(214,323)	(27,068)	-	-	(241,391)
Infrastructure asset - networks and subsystems	(349,393)	(25,777)	-	-	(375,170)
Total accumulated depreciation	<u>(90,824,830)</u>	<u>(6,359,491)</u>	<u>-</u>	<u>556,786</u>	<u>(96,627,535)</u>
Total capital assets, being depreciated, net	<u>139,310,903</u>	<u>(5,002,023)</u>	<u>597,625</u>	<u>(111,727)</u>	<u>134,794,778</u>
Right-to-use lease assets being amortized:					
Furniture and Equipment	1,199,503	-	-	-	1,199,503
Less accumulated amortization	(421,527)	(196,500)	-	-	(618,027)
Total Right-to-use lease assets being amortized, net	<u>777,976</u>	<u>(196,500)</u>	<u>-</u>	<u>-</u>	<u>581,476</u>
Right-to-use Subscription Assets, being amortized:					
Subscription-based information technology arrangements	244,098	150,436	-	-	394,534
Less accumulated amortization	-	(113,438)	-	-	(113,438)
Total right-to-use subscription assets, being amortized, net	<u>244,098</u>	<u>36,998</u>	<u>-</u>	<u>-</u>	<u>281,096</u>
Governmental activities, capital assets, net	<u>\$ 152,372,848</u>	<u>\$ 1,320,533</u>	<u>\$ -</u>	<u>\$ (111,727)</u>	<u>\$ 153,581,654</u>
<u>Business-type activities:</u>					
Capital assets, being depreciated:					
Buildings	\$ 176,233	\$ -	\$ -	\$ -	\$ 176,233
Furniture and equipment	131,378	-	-	-	131,378
Total capital assets, being depreciated	<u>307,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,611</u>
Less accumulated depreciation for:					
Buildings	(98,075)	(11,950)	-	-	(110,025)
Furniture and equipment	(97,897)	(5,287)	-	-	(103,184)
Total accumulated depreciation	<u>(195,972)</u>	<u>(17,237)</u>	<u>-</u>	<u>-</u>	<u>(213,209)</u>
Total capital assets, being depreciated, net	<u>111,639</u>	<u>(17,237)</u>	<u>-</u>	<u>-</u>	<u>94,402</u>
Business-type activities capital assets, net	<u>\$ 111,639</u>	<u>\$ (17,237)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,402</u>

Sharyland Independent School District
Notes to Financial Statements

Note 7 – CAPITAL ASSETS (Continued)

Depreciation was charged to functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>
Instruction	\$ 4,831,493	\$ 177,847
Instructional resources and media services	39,990	5,450
Instructional leadership	16,868	13,081
School leadership	31,675	26,479
Guidance, counseling and evaluation services	-	7,052
Social work services	4,220	-
Student transportation	378,628	10,404
Food services	154,710	1,621
Co-curricular/extracurricular activities	698,377	64,157
General administration	4,919	3,847
Plant maintenance and operations	136,260	-
Security and monitoring services	3,040	-
Data processing services	59,311	-
Total depreciation and amortization - governmental activities	\$ 6,359,491	\$ 309,938

Business-type activities:

Instruction	\$ 17,237
Total depreciation expenses - business-type activities	\$ 17,237

Sharyland Independent School District
Notes to Financial Statements

Note 7 – CAPITAL ASSETS (Continued)

The following summarizes the District’s leased assets:

	Balance at 7/1/2022	Increases	Decreases	Balance at 6/30/2023
Right-to-use lease assets, being amortized				
Copier	\$ 287,000	\$ -	\$ -	\$ 287,000
Scoreboard	912,503	-	-	912,503
Total right-to-use leased assets	1,199,503	-	-	\$ 1,199,503
Less: Right-to-use lease assets, accumulated amortization				
Copier	(143,500)	(133,852)	-	(277,352)
Scoreboard	(278,027)	(62,648)	-	(340,675)
Total accumulated amortization	(421,527)	(196,500)	-	(618,027)
Total right-to-use lease assets, net	\$ 777,976	\$ (196,500)	\$ -	\$ 581,476

	Restated Balance at 7/1/2022	Increases	Decreases	Balance at 6/30/2023
Right-to-use subscription assets, being amortized				
Subscription-based information technology arrangements	\$ 244,098	\$ 150,436	\$ -	\$ 394,534

Less: Right-to-use subscription assets, accumulated amortization				
Subscription-based information technology arrangements	-	(113,438)	-	(113,438)
Total accumulated amortization	-	(113,438)	-	(113,438)
Total right-to-use subscription assets, net	\$ 244,098	\$ 36,998	\$ -	\$ 281,096

Note 8 – INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

Due to		Due from	
General fund	\$ 2,052,988	General fund (clearing funds)	\$ 1,565
Totals	\$ 2,052,988	Nonmajor funds	
		Special revenue funds	2,051,423
		Totals	\$ 2,052,988

The balances result from a routine lag between the dates that transactions such as year-end payroll accruals and other year-end accruals are recorded in the accounting system and payments between funds are made. All amounts are scheduled to be repaid within one year.

Sharyland Independent School District Notes to Financial Statements

Note 9 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of June 30, 2023, the governmental funds reported deferred inflows of resources for unavailable property taxes in the amount of \$943,918 and unavailable School Health and Related Services (SHARS) revenues in the amount of \$3,968,705.

Deferred outflows of resources reported at the government-wide financial statement level included deferred charges on refunding of bonds, deferred outflows related to pensions, and deferred outflows related to OPEB. As of June 30, 2023, the amount of deferred charges on refunding of bonds reported as deferred outflows of resources was \$372,142, net of cumulative amortization of \$19,656 and subtraction of \$64,170 related to a one-time defeasance payment in current year. Deferred outflows of resources related to pension and OPEB are \$13,591,361 and \$7,102,664, respectively. Deferred inflows of resources related to pensions and OPEB are \$3,290,605 and \$29,254,768, respectively.

Note 10 – LONG TERM OBLIGATIONS

A. General Obligations Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The bonds are guaranteed by the corpus of the Permanent School Fund of the State of Texas in accordance with Article 7, Section 5 of the Texas Constitution, and Subchapter C of Chapter 45 of the Texas Education Code. General obligation bonds are direct obligation and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings.

Certain outstanding bonds may be redeemed at the par value prior to their normal maturity dates in accordance with the terms of the bond indentures. The District has never defaulted on any principal or interest payment. There are a number of limitations and restrictions contained in the general obligation bond indenture. The District's management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2023.

General obligation and capital appreciation bonds payable at June 30, 2023 are summarized as follows:

**Sharyland Independent School District
Notes to Financial Statements**

Note 10 – LONG TERM OBLIGATIONS (CONTINUED)

Date of issue	Original issue	Final maturity	Interest rate	Outstanding balance
2014 Ref	6,180,000	2030	2.0%-4.0%	\$ 410,000
2015 Ref	29,745,000	2036	2.0%-5.0%	2,555,000
2017 Ref	8,040,000	2034	2.0%-4.5%	6,430,000
2019 Ref	7,465,000	2040	2.0%-4.0%	7,345,000
2020 Ref	35,440,000	2041	3.0%-5.0%	35,440,000
2021 Ref	4,295,000	2031	3.25%-3.5%	3,550,000
2021A Ref*	22,245,000	2036	3.75%-5.0%	21,755,000
			Total	<u>\$ 77,485,000</u>

*General obligation bond includes capital appreciation bond principal of \$775,000 which will be due in FY2026 in combination with \$1,165,000 of interest.

Annual debt service requirements to maturity for general obligation and capital appreciation bonds are as follows:

Year ending June 30	Principal	Interest	Total
2024	\$ 2,735,000	\$ 2,871,811	\$ 5,606,811
2025	3,980,000	2,755,311	6,735,311
2026	3,120,000	3,721,311	6,841,311
2027	4,985,000	2,439,061	7,424,061
2028	5,240,000	2,189,811	7,429,811
2029-2033	27,705,000	7,310,405	35,015,405
2034-2038	19,885,000	3,161,157	23,046,157
2039-2041	9,835,000	579,450	10,414,450
Total	<u>\$ 77,485,000</u>	<u>\$ 25,028,317</u>	<u>\$ 102,513,317</u>

B. Tax Notes

Tax notes outstanding at June 30, 2023 are as follows:

Series 2013 Maintenance Tax Note, authorized by Education Code Section 45.108, for the construction of a new Aquatic Center February 15, 2014 through February 15, 2028; interest at 2.720%	\$ 1,340,000
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**Sharyland Independent School District
Notes to Financial Statements**

Note 10 – LONG TERM OBLIGATIONS (Continued)

Series 2018 Maintenance Tax Note, authorized by Education Code Section 45.108, for renovation and remodeling of existing facilities in the District; February 15, 2018 through February 15, 2033; Interest at 3.5%

1,400,000

\$ 2,740,000

The tax note debt service requirements to maturity, including interest are as follows:

Year ending June 30	Principal	Interest	Total
2024	\$ 375,000	\$ 79,848	\$ 454,848
2025	385,000	69,192	454,192
2026	400,000	58,245	458,245
2027	410,000	46,871	456,871
2028	420,000	35,206	455,206
2029-2033	750,000	71,300	821,300
Totals	<u>\$ 2,740,000</u>	<u>\$ 360,662</u>	<u>\$ 3,100,662</u>

The Notes are direct obligations of the District payable as to both principal and interest from available funds of the District which include the maintenance tax. The District has pledged to levy a tax from the District’s maintenance and operation taxing authority for the tax notes.

C. Current Year Defeasance

In March 2023, the District transferred \$1,630,688 of existing resources to an irrevocable trust with an escrow agent that is restricted to owning only risk-free monetary assets for the purpose of extinguishing a portion of the District’s outstanding debt before scheduled maturity. The early extinguishment was authorized for \$1,500,000 of outstanding principal of the Series 2017 Refunding bonds and also to cover costs of issuance in order to lower the overall debt service requirements for the District. The bonds are considered to be defeased and are no longer reported as a long term liability in accordance with the economic measurement resource focus.

The defeasance funded with existing resources resulted in an overall economic gain of \$564,312 and gross savings (difference between the present value of the debt service payment of the old and new debt) of \$2,242,500. At March 30, 2023, the defeased portion of the Series 2017 refunding bonds was \$1,500,000.

**Sharyland Independent School District
Notes to Financial Statements**

Note 10 – LONG TERM OBLIGATIONS (Continued)

D. Lease Liabilities

The District entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. There are no variable payment components of the leases. The lease liability is measured at a discount rate of 4.5%.

Lease required payments are as follows.

Year ended June 30,	Principal	Interest	Total Requirements
2024	\$ 17,916	\$ 100	\$ 18,016
	\$ 17,916	\$ 100	\$ 18,016

As a result of these lease liabilities, the District has recorded leased assets with a net book value of \$581,476. See Note 7-Capital Asset for more detail.

Subscription-Based Information Technology Arrangements

A. General

Sharyland Independent School District has four existing arrangements subject to the requirements of GASB 96. These arrangements can be described in groups- those related to the provision of assisting students, those used for administrative purposes, those used for networking purposes, and those used for navigation purposes. The District makes annual payments and the agreements are for varying terms. The SBITA liability is the present value of these payments using the district's incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA Asset is measured as the SBITA Liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is amortized using a straight-line amortization method over the term of the SBITA arrangement. Sharyland Independent School District set a materiality threshold on SBITA arrangements at \$5,000. See Note 1 for capitalization thresholds. There were 63 arrangements below this capitalization threshold.

Sharyland Independent School District
Notes to Financial Statements

Note 10 – LONG TERM OBLIGATIONS (Continued)

B. Total Amount of the Subscription Assets and Accumulated Amortization:

Governmental Funds:	Term in Months	Total Asset Amounts	Total Accumulated Amortization
Educational Assistance for Students	14	7,458	5,859
Administrative Software	60	142,978	26,213
Educational Assistance for Students	24-60	115,299	38,433
Administrative Software	24-60	128,799	42,933
		394,534	113,438
		394,534	113,438

C. The SBITA Liabilities and Associated Principal and Interest Requirements:

Governmental Funds:	Interest Rate	Beginning Liability	Term in Months	Ending Balance
Educational Assistance for Students	8.50%	7,458	14	635
Administrative Software	8.50%	142,978	60	118,848
Educational Assistance for Students	8.50%	115,299	24-60	79,955
Administrative Software	8.50%	128,799	24-60	89,317
				288,755
Total Governmental Activities:				288,755

The future principal and interest SBITA arrangement payments as of fiscal year-end are as follows:

Governmental Funds:	Principal	Interest	Total
<u>Year ended June 30:</u>			
2024	108,001	24,490	131,857
2025	116,493	7,877	196,752
2026	30,821	5,462	69,724
2027	33,440	2,842	36,283
Total Governmental Funds	288,755	40,671	434,615
	288,755	40,671	434,615

Sharyland Independent School District
Notes to Financial Statements

Note 10 – LONG TERM OBLIGATIONS (Continued)

D. Commitments and Impairments

There were no additional commitments made before the commencement of the SBITA term(s). There were also no impairments or modifications to be reported during this fiscal year.

Long-term debt liabilities activity for the governmental activities for the year ended June 30, 2023, are as follows:

	Beginning Balance As Restated	Additions	Reductions	Defeased	Ending balance	Due within one year
General obligation bonds	\$ 80,580,000	\$ -	\$ 2,370,000	\$ 1,500,000	\$ 76,710,000	\$ 2,735,000
Unamortized bond premium	10,834,732	-	1,053,562	-	9,781,170	-
Accretion of CAB's	874,243	215,194	-	-	1,089,437	-
Right-to-Use Leases	311,768	-	293,852	-	17,916	17,916
Subscription Liabilities	244,098	150,436	105,779	-	288,755	107,367
Maintenance tax notes	3,105,000	-	365,000	-	2,740,000	375,000
Total long term liabilities	<u>\$ 95,949,841</u>	<u>\$ 365,630</u>	<u>\$ 4,188,193</u>	<u>\$ 1,500,000</u>	<u>\$ 90,627,278</u>	<u>\$ 3,235,283</u>

Note 11 – GENERAL FUND FEDERAL SOURCE REVENUES

General fund federal sources revenues for the year ended June 30, 2023 were as follows:

Programs or source	Number	Amount
School Health & Relation Services	Not Applicable	\$ 580,980
E-Rate	Not Applicable	34,268
Junior Reserve Officers' Training Corps	12.U01	63,028
Indirect Costs:		
Title I Grants to Local Educational Agencies	84.010	93,996
Migrant Education State Grant Program	84.011	1,383
Special Education-Grants to States	84.027	48,091
Career and Technical Education - Basic Grants to State	84.048	2,771
Special Education-Preschool Grants	84.173	116
Supporting Effective Instruction State Grants	84.367	12,232
English Language Acquisition State Grants	84.365	7,576
Education Stabilization Fund (CRRSA ESSER II)	84.425D	98,893
Education Estabilization Fund (ARP ESSER III)	84.425U	72,698
Education Estabilization Fund (ARP Homeless II)	84.425W	195
Student Support and Academic Enrichment Program	84.424	5,393
Total for general fund		<u>\$ 1,021,620</u>

Sharyland Independent School District Notes to Financial Statements

Note 12 – RISK MANAGEMENT

A. General

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance.

The District purchases insurance to cover these risks, the more significant of which are general liability insurance in the amount of approximately \$1,000,000, and \$290,175,959 for property insurance.

Such insurance is consistent with the prior year, and at June 30, 2023 the District did not have any insurance claims pending.

B. Workmen's Compensation

Employees of the District were covered by a self-funded workmen's compensation program sponsored by the district. All premiums were paid to licensed third party administrator with excess reinsurance. The Plan was documented by contractual agreement.

At June 30, 2023, the District reported \$176,475 of claim liabilities for workers compensation.

C. Health Care

The District sponsors a self-insurance plan to provide health care benefits to staff members and their dependents. This plan was authorized by section 21.922 of the Texas Education Code and article 3.51-2 of the Texas Insurance Code and was documented by contractual agreement. Transactions related to the plan are accounted for in the internal service fund of the District.

The District was protected against unanticipated, catastrophic individual or aggregate loss by stop-loss coverage carried through American National Life Insurance Company for the period of January 1, 2022 through December 31, 2022 and for the period of January 1, 2023 to December 31, 2023. Stop-loss coverage will be in effect for annual individual claims exceeding \$125,000, and annual aggregate losses exceeding approximately \$9,937,208 and \$9,433,409 respectively for the contract years.

The following is summary of the changes in the balance of claims liabilities for health care for the year ended June 30, 2023.

Liability, beginning of period	\$ 635,182
Claims incurred during the period	8,707,136
Payments on claims	(7,773,166)
Liability, end of period	<u>\$ 1,569,152</u>

Sharyland Independent School District Notes to Financial Statements

Note 12- RISK MANAGEMENT (Continued)

D. Medicare Part D – On Behalf Payments for Reporting Entities

Funding Policy The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries, also known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

The amount of subsidy reimbursement received by TRS on-behalf of the District for the periods ending June 30, 2023, 2022, and 2021, were \$394,783, \$287,539, and \$294,479, respectively.

Note 13 - CONTINGENT LIABILITIES

The District participates in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representative.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Audits of all of these programs for the year ended June 30, 2023 have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the grantor agency cannot be determined at this time, although the District expects such amount, if any, to be immaterial. The District is involved in a legal proceedings arising from its operations. Management in consultation with its attorneys believes the outcome will have no material effect on the District's financial position.

Note 14 – PENSION PLAN OBLIGATIONS

A. Plan Description

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

Sharyland Independent School District Notes to Financial Statements

Note 14- PENSION PLAN OBLIGATIONS *(Continued)*

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.

B. Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698 or by calling (512) 542-6592.

C. Benefits Provided

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

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

D. Contributions

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

Sharyland Independent School District Notes to Financial Statements

Note 14- PENSION PLAN OBLIGATIONS *(Continued)*

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.

	<u>Contribution Rates</u>	<u>2022</u>	<u>2023</u>
Member		8.0%	8.0%
Non-Employer Contributing Entity (State)		7.75%	8.0%
Employers		7.75%	8.0%

District's 2023 FY Employer Contributions	\$ 2,714,709
District's 2023 FY Member Contributions	\$ 5,813,416
2022 NECE On-behalf Contributions	\$ 3,843,370

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

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

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

In addition to the employer contributions listed above, there is a surcharges an employer is subject to:

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

Sharyland Independent School District Notes to Financial Statements

Note 14 – PENSION PLAN OBLIGATIONS *(Continued)*

E. Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

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

F. Discount Rate

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

Sharyland Independent School District Notes to Financial Statements

Note 14 – PENSION PLAN OBLIGATIONS (Continued)

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

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

Asset Class*	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.6%	1.12%
Non-US Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity*	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return*	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy, Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity	8.0%	4.6%	0.43%
Asset Allocation Leverage			
Cash	2.0%	3.00%	0.01%
Asset Allocation Leverage	-6.0%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Expected Return	100%		8.19%

Sharyland Independent School District Notes to Financial Statements

Note 14-PENSION PLAN OBLIGATIONS (Continued)

*Absolute Return includes Credit Sensitive Investments.

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

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

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

G. Discount Rate Sensitivity Analysis

The following schedule presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the Net pension liability:	\$ 50,304,537	\$ 32,337,274	\$ 17,773,963

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

At June 30, 2023, the District reported a liability of \$32,337,274 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	\$ 32,337,274
State's proportionate share that is associated with District	48,897,666
Total	<u>\$ 81,234,940</u>

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

Sharyland Independent School District Notes to Financial Statements

Note 14- PENSION PLAN OBLIGATIONS (Continued)

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0544697228% which was an increase of 0.0039269344% from its proportion measured as of August 31, 2021.

Changes Since the Prior Actuarial Valuation

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

For the year ended June 30, 2023, the District recognized pension expense of \$8,108,542 and revenue of \$4,674,063 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 468,888	\$ 705,014
Changes in actuarial assumptions	6,025,487	1,501,720
Difference between projected and actual investment earnings	3,194,819	-
Changes in proportion and difference between the employer contributions and the proportionate share of contributions	1,593,365	1,083,871
Total as of August 31, 2022 measurement date	11,282,559	3,290,605
Contributions paid to TRS subsequent to the measurement date	2,308,802	-
Total as of fiscal year-end	\$ 13,591,361	\$ 3,290,605

Contributions of \$2,308,802 paid to TRS subsequent to the measurement date are classified as deferred outflows of resources and will reduce pension liability in the next fiscal year. The remaining deferred inflows of resources and deferred outflows of resources related to pensions noted above will be amortized and recognized in pension expense in the government-wide financial statements as follows:

Sharyland Independent School District
Notes to Financial Statements

Note 14- PENSION PLAN OBLIGATIONS (Continued)

Year ended June 30,	Pension Expense Amount
2024	\$ 2,082,781
2025	1,052,990
2026	313,322
2027	3,861,634
2028	681,227
Thereafter	-

The net pension liability activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	<u>\$ 12,871,460</u>	<u>\$ 22,007,532</u>	<u>\$ 2,541,718</u>	<u>\$ 32,337,274</u>

Note 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS

A. Plan Description

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

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

B. OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <https://www.trs.texas.gov/TRS%20Documents/acfr-2021.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Sharyland Independent School District
Notes to Financial Statements**

Note 15-OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

C. Benefits Provided

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

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

The premium rates for retirees are reflected as follows:

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

D. Contributions

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65 percent of salary. 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 employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

**Sharyland Independent School District
Notes to Financial Statements**

Note 15-OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

<u>Contribution Rates</u>	<u>2022</u>	<u>2023</u>
Member	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Curren fiscal year employer contributions	\$	639,332
Curren fiscal year member contributions	\$	472,340
2022 measurement year NECE on-behalf contributions	\$	763,757

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2002.

E. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The Actuarial valuation was determined using the following actuarial assumptions: *Actuarial Assumptions can be found in the 2022 TRS ACFR, Note 9, page 77.*

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

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

Sharyland Independent School District Notes to Financial Statements

Note 15- OTHER POST EMPLOYMENT BENEFIT PLANS *(Continued)*

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

Additional Actuarial Methods and Assumptions:

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

F. Discount Rate

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

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

G. Discount Rate Sensitivity Analysis

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

**Sharyland Independent School District
Notes to Financial Statements**

Note 15- OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the Net OPEB liability	\$ 21,521,262	\$ 18,252,599	\$ 15,604,563

H. Healthcare Cost Trend Rates Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability	\$ 15,040,224	\$ 18,252,599	\$ 22,417,031

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

At June 30, 2023, the District reported a liability of \$18,252,599 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for state OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the collective net OPEB liability	\$ 18,252,599
State's proportionate share that is associated with District	22,265,304
Total	<u>\$ 40,517,903</u>

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

Sharyland Independent School District Notes to Financial Statements

Note 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS *(Continued)*

At August 31, 2022 the employer’s proportion of the collective Net OPEB Liability was 0.0762303517% which was an increase of 0.0027544073% from its proportion measured as of August 31, 2021.

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 (TOL) since the prior measurement period:

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

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

For the period ended June 30, 2023, the District recognized OPEB expense of (\$5,377,325) and revenue of (\$3,159,626) for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,014,780	\$ 15,206,054
Changes in actuarial assumptions	2,780,232	12,680,820
Difference between projected and actual investment earnings	54,370	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	2,718,091	1,367,894
Total as of August 31, 2022 measurement date	\$ 6,567,473	\$ 29,254,768
Contributions paid to TRS subsequent to the measurement date	535,191	-
Total as of fiscal year-end	\$ 7,102,664	\$ 29,254,768

Contributions of \$535,191 paid to TRS subsequent to the measurement date are classified as deferred outflows of resources and will reduce OPEB liability in the next fiscal year. 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:

Sharyland Independent School District
Notes to Financial Statements

Note 15 – OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Year ended June 30,	Pension Expense Amount
2024	\$ (4,193,171)
2025	(4,192,974)
2026	(3,418,951)
2027	(2,371,043)
2028	(2,996,095)
Thereafter	(5,515,061)

The net OPEB liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 28,342,955	\$ (9,464,245)	\$ 626,111	\$ 18,252,599

Sharyland Independent School District Notes to Financial Statements

Note 16 – CONSTRUCTION COMMITMENTS

At June 30, 2023, the District had the following construction commitments.

Project name	Contract amount	Architect/Civil Amount	Amount expended	Remaining commitment
Sharyland North JH Chiller	\$ 374,098	\$ 28,326	\$ 38,448	363,976
B.L. Gray JH Chiller - Phase 2	\$ 512,209	\$ 32,513	\$ 382,742	161,980
Wernecke Elementary HVAC Upgrades	\$ 1,905,480	\$ 119,592	\$ 1,435,715	589,357
Shimotsu Elementary HVAC Upgrades	\$ 1,710,677	\$ 107,417	\$ 1,335,632	482,462
Shary Elementary Parking Lot Improvements	\$ 719,653	\$ 45,179	\$ 317,341	447,491
Sharyland HS Fieldhouse HVAC	\$ 889,528	\$ 71,523	\$ 146,550	814,501
Sharyland HS Science Bldg. HVAC	\$ 1,154,033	\$ 92,023	\$ 210,299	1,035,757
Sharyland HS Main Bldg. HVAC	\$ 1,964,800	\$ 115,805	\$ 99,790	1,980,815
Sharyland HS CTE HVAC	\$ 632,000	\$ 48,980	\$ 31,301	649,679
Sharyland HS Band Hall HVAC	\$ 510,000	\$ 39,525	\$ 38,003	511,522
Sharyland HS Library HVAC	\$ 218,105	\$ 14,132	\$ 10,564	221,673
Sharyland HS Tennis Court Lights	\$ 500,000	\$ -	\$ 2,434	497,566
Sharyland HS Richard Thompson Stadium Turf	\$ 632,500	\$ 9,488	\$ 640,089	1,899
Pioneer HS Noe Oliveira Stadium Turf and Track	\$ 1,060,150	\$ 15,513	\$ 933,681	141,982
Shary Elementary Guard Shack	\$ 12,000	\$ -	\$ 7,484	4,516
Garza Elementary Guard Shack	\$ 12,000	\$ -	\$ 8,337	3,663
Jensen Elementary Guard Schack	\$ 12,000	\$ -	\$ 7,159	4,841
Martinez Elementary Guard Shack	\$ 12,000	\$ -	\$ 8,363	3,637
Hinojosa Elementary Guard Shack	\$ 12,000	\$ -	\$ 7,114	4,886
Bentsen Elementary Guard Shack	\$ 12,000	\$ -	\$ 8,938	3,062
Shimotsu Elementary Guard Shack	\$ 12,000	\$ -	\$ 9,221	2,779
Wernecke Bentsen Elemenary Guard Shack	\$ 12,000	\$ -	\$ 8,520	3,480
District Wide Doors	\$ 1,425,363	\$ -	\$ 264,492	1,160,871
District Wide Fencing	\$ 240,000	\$ -	\$ 86,409	153,591
Generator (Technology)	\$ 400,000	\$ -	\$ 102,031	297,969
Total	\$ 14,944,596	\$ 740,016	\$ 6,140,657	\$ 9,543,955

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REQUIRED SUPPLEMENTARY INFORMATION



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SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 39,286,934	\$ 41,748,755	\$ 41,883,024	\$ 134,269
5800 State Program Revenues	58,501,484	57,001,484	56,387,622	(613,862)
5900 Federal Program Revenues	1,473,256	1,357,256	1,021,620	(335,636)
5020 Total Revenues	99,261,674	100,107,495	99,292,266	(815,229)
EXPENDITURES:				
Current:				
0011 Instruction	57,102,471	57,623,402	56,552,900	1,070,502
0012 Instructional Resources and Media Services	1,128,177	1,144,246	1,129,610	14,636
0013 Curriculum and Instructional Staff Development	817,585	839,931	811,683	28,248
0021 Instructional Leadership	3,148,158	2,984,206	3,012,316	(28,110)
0023 School Leadership	6,134,933	6,175,586	6,023,662	151,924
0031 Guidance, Counseling, and Evaluation Services	3,747,017	3,883,942	3,666,428	217,514
0032 Social Work Services	45,953	49,453	47,390	2,063
0033 Health Services	901,206	909,945	875,557	34,388
0034 Student (Pupil) Transportation	4,493,949	4,632,168	4,310,303	321,865
0035 Food Services	-	75,000	66,420	8,580
0036 Extracurricular Activities	7,076,192	7,316,316	7,302,005	14,311
0041 General Administration	3,521,940	3,661,322	3,358,762	302,560
0051 Facilities Maintenance and Operations	9,929,406	10,433,290	10,394,501	38,789
0052 Security and Monitoring Services	1,360,750	1,854,743	1,798,947	55,796
0053 Data Processing Services	1,027,780	1,061,483	1,124,893	(63,410)
0061 Community Services	24,957	25,782	12,453	13,329
Debt Service:				
0071 Principal on Long-Term Liabilities	615,732	1,360,296	764,632	595,664
0072 Interest on Long-Term Liabilities	-	394,311	129,152	265,159
0073 Bond Issuance Cost and Fees	-	25,500	-	25,500
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	8,731,847	3,054,083	5,677,764
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	15,000	-	-	-
0099 Other Intergovernmental Charges	460,000	560,000	520,512	39,488
6030 Total Expenditures	101,551,206	113,742,769	104,956,209	8,786,560
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,289,532)	(13,635,274)	(5,663,943)	7,971,331
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	62,865	62,865
7915 Transfers In	5,782,555	15,343,064	-	(15,343,064)
7949 Proceeds of SBIT As and Other Resources	-	-	150,436	150,436
8911 Transfers Out (Use)	(5,782,555)	(15,343,064)	-	15,343,064
7080 Total Other Financing Sources (Uses)	-	-	213,301	213,301
1200 Net Change in Fund Balances	(2,289,532)	(13,635,274)	(5,450,642)	8,184,632
0100 Fund Balance - July 1 (Beginning)	40,931,152	40,931,152	40,931,152	-
3000 Fund Balance - June 30 (Ending)	\$ 38,641,620	\$ 27,295,878	\$ 35,480,510	\$ 8,184,632

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.054469723%	0.050542788%	0.051520664%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 32,337,274	\$ 12,871,460	\$ 27,583,776
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	48,897,666	22,535,654	49,114,601
Total	<u>\$ 81,234,940</u>	<u>\$ 35,407,114</u>	<u>\$ 76,698,377</u>
District's Covered Payroll	\$ 70,868,091	\$ 67,289,299	\$ 67,936,378
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	45.63%	19.13%	40.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.053648638%	0.055706202%	0.053833165%	0.053277561%	0.0553427%	0.0283796%
\$ 27,888,239	\$ 30,662,045	\$ 17,212,946	\$ 20,132,798	\$ 19,562,908	\$ 7,580,584
46,698,431	50,417,067	29,553,002	36,360,594	34,659,893	30,726,532
<u>\$ 74,586,670</u>	<u>\$ 81,079,112</u>	<u>\$ 46,765,948</u>	<u>\$ 56,493,392</u>	<u>\$ 54,222,801</u>	<u>\$ 38,307,116</u>
\$ 63,696,089	\$ 62,609,369	\$ 59,733,574	\$ 58,753,125	\$ 56,328,129	\$ 52,936,190
43.78%	48.97%	28.82%	34.27%	34.73%	14.32%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR LAST TEN FISCAL YEARS

	2023	2022	2021
Contractually Required Contribution	\$ 2,714,709	\$ 2,474,853	\$ 2,152,395
Contribution in Relation to the Contractually Required Contribution	(2,714,709)	(2,474,853)	(2,152,395)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 72,667,738	\$ 70,029,990	\$ 67,191,109
Contributions as a Percentage of Covered Payroll	3.74%	3.53%	3.20%

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

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

	2020	2019	2018	2017	2016	2015
\$	2,077,313	\$ 1,884,733	\$ 1,580,557	\$ 1,764,337	\$ 1,692,763	\$ 1,638,730
	(2,077,313)	(1,884,733)	(1,580,557)	(1,764,337)	(1,692,763)	(1,638,730)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
\$	67,348,004	\$ 63,667,224	\$ 52,342,178	\$ 59,733,574	\$ 58,753,125	\$ 56,328,129
	3.08%	2.96%	3.02%	2.95%	2.88%	2.91%

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.076230352%	0.073475944%	0.075097833%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 18,252,599	\$ 28,342,955	\$ 28,548,078
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	22,265,304	37,973,243	38,361,773
Total	<u>\$ 40,517,903</u>	<u>\$ 66,316,198</u>	<u>\$ 66,909,851</u>
District's Covered Payroll	\$ 70,868,091	\$ 67,289,299	\$ 67,936,378
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	25.76%	42.12%	42.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	11.52%	6.18%	4.99%

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

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

<u>FY 2019 Plan Year 2018</u>	<u>FY 2019 Plan Year 2018</u>	<u>FY 2018 Plan Year 2017</u>
0.075722057%	0.076657764%	0.072085823%
\$ 35,809,886	\$ 38,275,923	\$ 31,347,420
47,583,332	52,506,786	45,889,160
<u>\$ 83,393,218</u>	<u>\$ 90,782,709</u>	<u>\$ 77,236,580</u>
\$ 63,696,089	\$ 62,609,369	\$ 59,733,574
56.22%	61.13%	52.48%
2.66%	1.57%	0.91%

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE LAST TEN FISCAL YEARS

	2023	2022	2021
Contractually Required Contribution	\$ 639,332	\$ 614,237	\$ 573,336
Contribution in Relation to the Contractually Required Contribution	(639,332)	(614,237)	(573,336)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 72,667,738	\$ 70,029,990	\$ 67,191,109
Contributions as a Percentage of Covered Payroll	0.88%	0.88%	0.85%

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

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

<hr/>	
2020	2019
<hr/>	
\$ 564,240	\$ 535,369
(564,240)	(535,369)
<hr/>	
\$ -	\$ -
<hr/> <hr/>	
\$ 67,348,004	\$ 63,667,224
0.84%	0.84%

Sharyland Independent School District Notes to Required Supplementary Information

A. Budgets

The official school original budget was prepared for adoption for required Governmental Fund Types by June 22, 2022. The budget was formally adopted by the Board of School Trustees at a duly advertised public meeting prior to the expenditure of funds. The Board also approved amendments throughout the year and the final amended budget by June 30th. Expenditures may not legally exceed budgeted appropriations at the function level. Annual budgets were adopted for the General Fund and the Debt Service Fund on a basis consistent with generally accepted accounting principles. The Debt Service Fund budget comparison schedule is presented in the Other Information section of the financial statements.

B. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget.

C. Pension

Changes of benefit terms – There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

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

D. Other Post-Employment Benefits:

Changes in benefit terms – There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in assumptions - The following are changes to the actuarial assumptions or other inputs that affected measurement of Total OBEB liability during the measurement period:

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022. This change decreased the total OPEB liability (TOL).



OTHER INFORMATION



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SHARYLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2023

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.170000	0.165500	2,711,846,739
2016	1.170000	0.165500	2,899,657,284
2017	1.170000	0.205500	3,095,956,202
2018	1.170000	0.205500	3,160,662,252
2019	1.170000	0.205500	3,229,002,272
2020	1.068400	0.230300	3,397,479,887
2021	1.049200	0.231600	3,498,163,661
2022	1.000900	0.158400	3,768,385,675
2023 (School year under audit)	0.942900	0.180500	4,198,339,293
1000 TOTALS			

(10) Beginning Balance 7/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
\$ 710,714	\$ -	\$ 26,284	\$ 3,492	\$ (28,135)	\$ 652,803
66,096	-	3,928	556	-	61,612
94,157	-	4,403	623	-	89,131
132,179	-	11,914	2,093	-	118,172
137,453	-	19,346	3,398	(13,643)	101,066
214,580	-	34,390	6,040	(7,591)	166,559
271,925	-	97,241	20,961	33,140	186,863
436,736	-	134,202	29,624	(22,425)	250,485
1,325,236	-	652,191	103,214	(123,360)	446,471
-	46,548,429	37,650,935	7,207,543	(38,079)	1,651,872
<u>\$ 3,389,076</u>	<u>\$ 46,548,429</u>	<u>\$ 38,634,834</u>	<u>\$ 7,377,544</u>	<u>\$ (200,093)</u>	<u>\$ 3,725,034</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,198,928	\$ 873,000	\$ 812,074	\$ (60,926)
5800 State Program Revenues	28,500	28,500	26,020	(2,480)
5900 Federal Program Revenues	4,959,228	6,116,676	6,188,481	71,805
5020 Total Revenues	6,186,656	7,018,176	7,026,575	8,399
EXPENDITURES:				
Current:				
0035 Food Services	5,980,656	8,297,430	6,590,606	1,706,824
0051 Facilities Maintenance and Operations	203,000	348,500	276,205	72,295
0052 Security and Monitoring Services	3,000	3,000	421	2,579
Debt Service:				
0071 Principal on Long-Term Liabilities	-	20,000	-	20,000
0072 Interest on Long-Term Liabilities	-	5,000	-	5,000
6030 Total Expenditures	6,186,656	8,673,930	6,867,232	1,806,698
1200 Net Change in Fund Balances	-	(1,655,754)	159,343	1,815,097
0100 Fund Balance - July 1 (Beginning)	2,951,725	2,951,725	2,951,725	-
3000 Fund Balance - June 30 (Ending)	\$ 2,951,725	\$ 1,295,971	\$ 3,111,068	\$ 1,815,097

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,035,861	\$ 7,559,861	\$ 7,589,325	\$ 29,464
5800 State Program Revenues	-	299,617	356,957	57,340
5020 Total Revenues	7,035,861	7,859,478	7,946,282	86,804
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	7,035,861	4,385,828	3,870,001	515,827
0072 Interest on Long-Term Liabilities	-	3,166,900	3,166,899	1
0073 Bond Issuance Cost and Fees	-	306,750	55,530	251,220
6030 Total Expenditures	7,035,861	7,859,478	7,092,430	767,048
1200 Net Change in Fund Balances	-	-	853,852	853,852
0100 Fund Balance - July 1 (Beginning)	1,813,988	1,813,988	1,813,988	-
3000 Fund Balance - June 30 (Ending)	\$ 1,813,988	\$ 1,813,988	\$ 2,667,840	\$ 853,852

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	9,965,368
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	4,776,279

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	1,884,486
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	1,026,241

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

To the Board of Trustees
Sharyland 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, the major fund, and the aggregate remaining fund information of the Sharyland Independent School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
November 13, 2023

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

To the Board of Trustees
Sharyland Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Sharyland 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 June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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 Auditors' 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.

Carr, Riggs & Ingram, L.L.C.

McAllen, Texas
November 13, 2023

**Sharyland Independent School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- a. Material weakness(es) identified? ___ yes X no
- b. Significant deficiency (ies) identified that are not considered to be material weaknesses? ___ yes X none reported
- c. Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

1. Type of auditors' report issued on compliance for major programs: Unmodified
2. Internal control over major programs:
- a. Material weakness(es) identified? ___ yes X no
- b. Significant deficiency (ies) identified that are not considered to be material weaknesses? ___ yes X none reported
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? ___ yes X no
4. Identification of major programs:

Assistance Listing number (s)	Name of Federal Program or Cluster
84.010	Title I, Part A
84.425	COVID-19 Education Stabilization Fund (ESSER)

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

Auditee qualified as low-risk under 2 CFR 200.520? X yes ___ no

**Sharyland Independent School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None noted that were required to be reported.

**Sharyland Independent School District
Schedule of Findings and Questioned Costs
Corrective Action Plan
For the Year Ended June 30, 2023**

Financial Statement Findings:

None reported.

Federal Award Findings:

None reported.

**Sharyland Independent School District
Schedule of Findings and Questioned Costs
Status of Prior Year Findings
For the Year Ended June 30, 2023**

Financial Statement Findings

None reported.

Federal Award Findings and Questioned Costs

None reported.

SHARYLAND ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Assistance Listing Number	(3) Pass-Through Entity Identifying Number	Pass Through to Subrecipients	(4) Federal Expenditures
US DEPARTMENT OF AGRICULTURE				
<u>Passed Through Texas Department of Agriculture</u>				
*School Breakfast Program	10.553	NT4XL1YGLGCS	\$ -	1,183,437
School Breakfast Program - SSO	10.553	NT4XL1YGLGCS	-	14,796
Total Assistance Listing Number 10.553			-	1,198,233
National School Lunch Program	10.555	NT4XL1YGLGCS	-	3,833,726
*SSO COVID-19 National School Lunch Program	10.555	NT4XL1YGLGCS	-	67,405
*National School Lunch Program (Supply Chain Assistance (SCA))	10.555	NT4XL1YGLGCS	-	372,243
Total Assistance Listing Number 10.555			-	4,273,374
Total Child Nutrition Cluster			-	5,471,607
*Commodity Supplemental Food Program - Non-Cash Assistance	10.565	NT4XL1YGLGCS	-	68,762
Total Food Distribution Cluster			-	68,762
Child & Adult Care Food Program	10.558	NT4XL1YGLGCS	-	639,082
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	NT4XL1YGLGCS	-	5,950
COVID-19 State Administrative Expenses (SAE)	10.560	NT4XL1YGLGCS	-	3,081
Total Passed Through Texas Department of Agriculture			-	6,188,482
TOTAL US DEPARTMENT OF AGRICULTURE			-	6,188,482
US DEPARTMENT OF DEFENSE				
<u>Direct Programs:</u>				
JUNIOR RESERVE OFFICER TRAINING CORPS	12.U01	108-911	-	63,026
TOTAL US DEPARTMENT OF DEFENSE			-	63,026
US DEPARTMENT OF EDUCATION				
<u>Passed Through Texas Department of Education</u>				
Title I Grants to Local Educational Agencies	84.010	22610101108911	-	408,456
Title I Grants to Local Educational Agencies	84.010	23610101108911	-	2,383,404
Total Assistance Listing Number 84.010			-	2,791,860
Migrant Education State Grant Program	84.011	22615001108911	-	3,557
Migrant Education State Grant Program	84.011	23615001108911	-	48,784
Total Assistance Listing Number 84.011			-	52,341
*Special Education Grants to States	84.027	226600011089116600	-	49,717
*Special Education Grants to States	84.027	236600011089116600	-	1,438,102
*COVID-19 IDEA-B Formula ARP	84.027	225350021089115350	-	306,215
Total Assistance Listing Number 84.027			-	1,794,034
*COVID-19 IDEA-B Preschool ARP	84.173	225360021089115360	-	10,216
*Special Education Preschool Grants	84.173	236610011089116610	-	27,066
Total Assistance Listing Number 84.173			-	37,282
Total Special Education Cluster (IDEA)			-	1,831,316
Career and Technical Education - Basic Grants to States	84.048	22420006108911	-	447
Career and Technical Education - Basic Grants to States	84.048	23420006108911	-	129,237
Total Assistance Listing Number 84.048			-	129,684
English Language Acquisition State Grants	84.365	22671001108911	-	8,652
English Language Acquisition State Grants	84.365	23671001108911	-	440,216
Total Assistance Listing Number 84.365			-	448,868
Supporting Effective Instruction State Grants	84.367	20694501108911	-	-
Supporting Effective Instruction State Grants	84.367	22694501108911	-	87,058
Supporting Effective Instruction State Grants	84.367	23694501108911	-	307,334
Total Assistance Listing Number 84.367			-	394,392
Student Support and Academic Enrichment Program	84.424	22680101108911	-	59,880
Student Support and Academic Enrichment Program	84.424	23680101108911	-	153,170
Total Assistance Listing Number 84.424			-	213,050
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	20521001108911	-	1,035
COVID-19 CRRSA ESSER II	84.425D	21521001108911	-	3,226,224
Total Assistance Listing Number 84.425D			-	3,227,259
COVID-19 ARP Homeless II	84.425W	21533002108911	-	11,944
Total Assistance Listing Number 84.425W			-	11,944

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Assistance Listing Number	(3) Pass-Through Entity Identifying Number	Pass Through to Subrecipients	(4) Federal Expenditures
COVID-19 ARP ESSER III	84.425U	21528001108911	-	4,164,361
COVID-19 TCLAS - ESSER III	84.425U	21528042108911	-	237,019
Total Assistance Listing Number 84.425U			-	4,401,380
Total Assistance Listing Number 84.425			-	7,640,583
Grants for State Assessments and Related Activities	84.369A	69552102	-	21,708
Total CFDA Number 84.369			-	21,708
Total Passed Through Texas Department of Education			-	13,523,802
<u>Pass-through Region One Education Service Center Programs:</u>				
Gaining Early Awareness & Readiness for Undergraduate Program (GEAR-	84.334	P334A210014	-	14,416
Gaining Early Awareness & Readiness for Undergraduate Program (GEAR-	84.334	P334A210014	-	85,044
Total Assistance Listing Number 84.334			-	99,460
Total Passed Through Region One Education Service Center			-	99,460
TOTAL US DEPARTMENT OF EDUCATION			-	13,623,262
FEDERAL COMMUNICATIONS COMMISSION				
<u>Direct Programs:</u>				
COVID-19 Emergency Connectivity Fund	32.009		-	484,800
TOTAL FEDERAL COMMUNICATIONS COMMISSION			-	484,800
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 20,359,570

*Clustered Programs

Sharyland Independent School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sharyland Independent School District. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Reconciliation of Schedule of Expenditures of Federal Awards (Schedule K-1) to Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit C-3):

Total federal awards expended (Exhibit K-1)	\$	20,359,570
E-Rate		34,268
School Health and Related Service Program (SHARS)		580,980
Exhibit C-3	\$	20,974,818

Note 3 - Indirect Cost Rate

Sharyland Independent School District elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Sub-Recipients

During the year ended June 30, 2023, the District had no pass-through to sub-recipients.

Note 5 – Federal Loans and Loan Guarantees

During the year ended June 30, 2023, the District had no outstanding federal loans payable or loan guarantees.

Note 6 – Federally Funded Insurance

During the year ended June 30, 2023, the District had no federally funded insurance.

Sharyland Independent School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 7 – Noncash Awards

During the year ended June 30, 2023, the District received \$68,762 as non-cash assistance under the Commodity Supplemental Food Program.

Note 8 – Contingencies

Grant monies received and disbursed by the District are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the District does not believe that such disallowance, if any, would have a material effect on the financial position of the District.

Note 9 – Federal Pass-through Funds

The District is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct