DENVER CITY
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2023

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DENVER CITY INDEPENDENT SCHOOL DISTRICT
YEAR ENDED AUGUST 31, 2023
CERTIFICATE OF BOARD

Denver City Independent School District	Yoakum	251-901
Name of School District	County	County-District Number

We, the undersigned, certify that the attached auditors' report of the Denver City Independent School District was reviewed and approved ✓ disapproved_____ for the year ended August 31, 2023, at a meeting of the Board of School Trustees of Denver City Independent School District on the 26th day of February, 2024.

Bo Wells
Signature of Board Secretary

Danny Escalante
Signature of Board President

If the auditors' report was checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

BENNETT BENNETT & TRICE, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Board of School Trustees
Denver City Independent School District
501 Mustang Ave
Denver City, Texas 79323

Opinions

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Qualified
Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on the Governmental Activities and General Fund

In our opinion, except for the effects of the matters described in the Basis for Qualified and Unmodified Opinions section of our report, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Denver City Independent School District, as of August 31, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the Debt Service and Aggregate Remaining Fund Information

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Denver City 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.

Matter Giving Risk to the Qualified Opinion on the Government Activities and General Fund

As described further in Note V & W, there is and unreconciled difference of $134,476 in the District's General Fund for the year ended August 31, 2023. Therefore, revenues and/or expenditures are misstated by $134,476.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Denver City Independent School 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 Denver City Independent School 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 Denver City Independent 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 budgetary comparison information and the Teacher Retirement System schedules for pension and other post-employment benefits, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Nonmajor Fund Financial statements, the required Texas Education Agency (TEA) schedules and the Schedule of Expenditures of Federal Awards (SEFA) as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance),* listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024, on our consideration of Denver City Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing but not to provide an opinion on the 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 Denver City Independent School District's internal control over financial reporting and compliance.

Bennett Bennett & Trice

Bennett Bennett & Trice, PLLC
Lamesa, Texas

February 21, 2024

DENVER CITY Independent School District

501 Mustang Drive; Denver City, Texas 79323 (806) 592-5900-phone (806) 592-5909-fax

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Denver City Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2023. Please read it in conjunction with the independent auditors' report, the District's Basic Financial Statements which begin with Exhibit A-1 and the notes to the financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole and then proceed to provide a detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities on Exhibits A-1 and B-1. These provide information about the activities of the District as a whole and present a long-term view of the District's property, debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting with Exhibit C-1) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining fiduciary statements provide financial information about activities for which the District acts solely as an agent for holding funds of student organizations and scholarships.

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

Required supplementary information (Exhibits G-1, G-2, G-3, G-4 and G-5) provide the budget analysis for the General Fund and schedules providing detailed information on the District's net pension liability and other post-employment benefits with the Teacher Retirement System of Texas.

The combining statements for non-major funds contain even more information about the District's individual funds. Texas Education Agency (TEA) does not require these statements. The sections labeled *Required TEA Schedules and Federal Awards Section* contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

Government-Wide Financial Statements
(Statement of Net Position and Statement of Activities)

The analysis of the District's overall financial condition and operations begins with the Statement of Net Position, Exhibit A-1 and the Statement of Activities, Exhibit B-1. Their primary purpose is to show whether the District is in better or worse condition as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in them. The District's net position provides one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, to fully assess the overall health of the District, you should consider non-financial factors as well, such as changes in the District's average daily attendance, academic performance, property tax base and the condition of the District's facilities.

In the Statement of Net Position and Statement of Activities, we report governmental activities. Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community service and general administration. Property taxes and state funding finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements (Exhibits C) provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under ESEA Title I Part A - Improving Basic Programs from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (campus activities).

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

Reporting the District's Fiduciary Responsibilities

Fiduciary funds – The District is the trustee, or fiduciary, for money raised by student activities and scholarship funds. All of the District's fiduciary balances are reported in the Statement of Fiduciary Net Position and Changes in Fiduciary Net Position (Exhibits E-1 and E-2). We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities. Net position of the District's governmental activities increased by $1,830,253, from $63,467,790 to $65,298,043 during the year.

Changes in governmental net position was the result of the following factors:

- The District's expenditures exceeded revenues by $279,334 (decrease).
- The District liquidated long-term debt of $1,779,816 increase and acquired capital assets of $2,294,150 increase.
- The District recorded depreciation and amortization of $3,194,357 (decrease).
- Adjustments of $747,253 increase were required to convert to full accrual accounting.
- The District's updated GASB 68 calculations resulted in a net adjustment of $160,607 (decrease).
- The District's updated GASB 75 calculations resulted in a net adjustment of $643,332 increase.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other requirements, decreased by $2,400,213 to $27,934,272.

The District's total revenues increased $7,639,536 from the prior year. This change was a combination of several items:

- State aid funding (decreased) $4,889,611 during the year.
- Maintenance and operations taxes increased $7,086,471.
- Debt service taxes increased $2,637,086.
- Charges for services (decreased) $183,430.
- State and federal grants increased by $167,017.
- Investment earnings increased $1,812,938.
- Various other revenue items increased $1,009,065 during the year.

The cost of all governmental activities increased by $3,015,759 to $28,687,174. However, as shown in the Statement of Activities on Exhibit B-1, the amount that our taxpayers ultimately financed for these activities through District taxes and state equalization funding was $24,213,312 of which $22,383,059 was used for expenditures and $1,830,253 was added to net position. Some of the costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants, contributions and equalization funding. The remaining expenditures were funded through various miscellaneous revenues and investment earnings.

Table I
DENVER CITY INDEPENDENT SCHOOL DISTRICT
NET POSITIONS

	Governmental Activities 2023	Governmental Activities 2022
Cash and temporary investments	$ 44,556,417	$ 43,268,387
Other assets	2,713,150	2,947,332
Capital assets	98,468,421	99,368,628
Total Assets	145,737,988	145,584,347
Deferred Outflows of Resources:		
Deferred outflows related to TRS Pension	1,999,993	1,375,500
Deferred outflows related to TRS OPEB	1,060,287	1,147,957
Total Deferred Outflows of Resources	3,060,280	2,523,457
Current liabilities	5,432,699	4,031,378
Noncurrent liabilities	63,563,208	66,064,981
Net Pension liability	4,736,658	2,046,790
Net OPEB liability	3,099,972	4,947,898
Total Liabilities	76,832,537	77,091,047
Deferred Inflows of Resources:		
Deferred Gain on Bond Defeasance	463,246	556,681
Deferred inflows related to TRS pension	437,272	2,342,040
Deferred inflows related to TRS OPEB	5,767,170	4,650,246
Total Deferred Inflows of Resources	6,667,688	7,548,967
Net Positions:		
Net Investment in Capital Assets	35,127,161	32,912,766
Restricted for Federal and State programs		-
Restricted for Debt Service	2,236,610	220,539
Unrestricted	27,934,272	30,334,485
Total Net Positions	$ 65,298,043	$ 63,467,790

Table II
DENVER CITY INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities 2023	Governmental Activities 2022
Revenues:		
Program Revenues:		
Charges for services	$ 341,296	$ 524,726
Operating grants and contributions	2,869,545	2,629,328
General Revenues:		
Maintenance and operations taxes	15,894,665	8,808,194
Debt service taxes	6,259,590	3,622,504
State aid - formula grants	2,059,057	6,948,668
Grants and contributions not restricted to specific function	388,579	461,779
Investment earnings	2,017,547	204,609
Miscellaneous	821,624	(347,387)
Total Revenues	30,651,903	22,852,421
Expenses:		
Instruction, curriculum and media services	12,300,038	12,316,746
School leadership	1,296,390	1,675,836
Student support services	1,848,657	1,829,560
Child nutrition	1,116,546	1,235,481
Extracurricular activities	2,381,977	1,673,590
General administration	1,229,617	964,806
Plant maintenance, security and data processing	4,564,475	4,023,705
Community services	54,604	23,624
Interest and bond fees	2,691,636	1,927,756
Services between districts and alternative education costs	-	311
Other intergovernmental charges	1,203,234	-
Total Expenses	28,687,174	25,671,415
Increase in net assets before special items	1,964,729	(2,818,994)
Special item - (Note V)	(134,476)	
Change in GASB Standard		25,470
Change in Net Position	1,830,253	(2,793,524)
Net position at beginning of year	63,467,790	66,261,314
Net position at end of year	$ 65,298,043	$ 63,467,790

THE DISTRICT'S FUNDS

Fund Balances

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of $41,571,216 which is less than last year's total of $41,850,550. This $279,334 decrease in fund balance was due to expenditures exceeding revenue.

General Fund (unassigned) - The balance of the General Fund decreased from $3,733,480 to $1,547,661 during the 2023 fiscal year. The decrease was due to due to expenditures exceeding revenue. This balance is available for current spending.

Special Revenue (unassigned) – This balance decreased from $262,951 to $121,026 during the 2023 fiscal year. These accumulated funds are at the campus level but are available for school expenditures.

Debt Service – The Debt Service fund balance had an increase of $2,048,410 from $127,237 to $2,175,647 because current debt requirements exceeded revenues.

Budget and Planning

The original budget for 2022-2023 was developed in the spring of 2022 and adopted by the Board in August, 2022. Over the course of the year, the budget was amended. These revisions were necessary for reasons outlined below:

- To reallocate resources as requested by instructional staff to meet student needs.
- Additional amounts were budgeted for the work on the new turf & track.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had $143,510,751 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration and maintenance. During the year, additions of $2,286,973 to capital assets included new buses, work on the press box, roof replacement at the junior high and work on a new turf and track. Recorded depreciation and amortization expense was $3,194,357.

Debt

At the end of the fiscal year, the District had long-term debt outstanding of $63,563,208. Of this amount, $57,115,000 is general obligation bonds backed by the full faith of the State of Texas Permanent School Fund. More detailed information about the District's debt is presented in Note J to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered factors based on observations when setting the fiscal year 2023-2024 budget.

The General Fund budget adopted by the Board of Trustees for the 2023-2024 includes revenues of $19,374,150 and budgeted expenses in an amount of $22,804,828 resulting in a reduction of the fund balance in the general fund. Both the budgets for food service and debt service, predict an increase in fund balance.

The Maintenance and Operations rate decreased to $0.8241, compared to $0.9746 for the prior tax levy. The Interest and Sinking rate remained the same at $0.3540. The tax roll increased from $1,61,744,496 to $1,724,895,754.

The budgetary decisions of the Board were based on conservative estimates of resources since some degree of uncertainty exists regarding state funding availability for safety and security and poor attendance. The budget was prepared with the intent of maintaining student services while incurring loss of state and local revenue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Denver City Independent School District, 501 Mustang Avenue, Denver City, Texas 79323.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Governmental Fund Financial Statements

Fiduciary Fund Financial Statements

Notes to the Financial Statements

EXHIBIT A-1

DENVER CITY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2023

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 1,525,091
1120	Current Investments	43,031,326
1220	Property Taxes - Delinquent	361,029
1230	Allowance for Uncollectible Taxes	(95,376)
1240	Due from Other Governments	2,437,871
1290	Other Receivables, Net	66
1410	Prepayments	9,560
	Capital Assets:	
1510	Land	1,061,479
1520	Buildings, Net	93,815,279
1530	Furniture and Equipment, Net	1,583,069
1550	Right-to-Use Leased Assets, Net	62,426
1580	Construction in Progress	1,946,168
1000	Total Assets	145,737,988
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred Outflow Related to TRS Pension	1,999,993
1706	Deferred Outflow Related to TRS OPEB	1,060,287
1700	Total Deferred Outflows of Resources	3,060,280
	LIABILITIES	
2110	Accounts Payable	427,204
2160	Accrued Wages Payable	982,363
2180	Due to Other Governments	3,838,032
2200	Accrued Expenses	145,171
2300	Unearned Revenue	39,929
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	1,818,656
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	61,744,552
2540	Net Pension Liability (District's Share)	4,736,658
2545	Net OPEB Liability (District's Share)	3,099,972
2000	Total Liabilities	76,832,537
	DEFERRED INFLOWS OF RESOURCES	
2602	Deferred Gain on Bond Defeasement	463,246
2605	Deferred Inflow Related to TRS Pension	437,272
2606	Deferred Inflow Related to TRS OPEB	5,767,170
2600	Total Deferred Inflows of Resources	6,667,688
	NET POSITION	
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	35,127,161
3850	Restricted for Debt Service	2,236,610
3900	Unrestricted	27,934,272
3000	Total Net Position	$ 65,298,043

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

EXHIBIT B-1

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

Data Control Codes		1 Expenses	Program Revenues: 3 Charges for Services	Program Revenues: 4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: 6 Primary Gov. Governmental Activities
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 11,753,243	$ 175,537	$ 1,335,665	$ (10,242,041)
12	Instructional Resources and Media Services	216,238	-	3,792	(212,446)
13	Curriculum and Instructional Staff Development	330,557	-	97,915	(232,642)
21	Instructional Leadership	107,370	-	19,318	(88,052)
23	School Leadership	1,189,020	-	47,073	(1,141,947)
31	Guidance, Counseling, and Evaluation Services	821,649	-	156,722	(664,927)
32	Social Work Services	4,994	-	-	(4,994)
33	Health Services	226,382	-	4,535	(221,847)
34	Student (Pupil) Transportation	795,632	-	12,125	(783,507)
35	Food Services	1,116,546	49,260	930,424	(136,862)
36	Extracurricular Activities	2,381,977	107,953	207,339	(2,066,685)
41	General Administration	1,229,617	8,546	16,658	(1,204,413)
51	Facilities Maintenance and Operations	3,741,252	-	27,860	(3,713,392)
52	Security and Monitoring Services	210,765	-	692	(210,073)
53	Data Processing Services	612,458	-	8,986	(603,472)
61	Community Services	54,604	-	441	(54,163)
72	Debt Service - Interest on Long-Term Debt	2,690,636	-	-	(2,690,636)
73	Debt Service - Bond Issuance Cost and Fees	1,000	-	-	(1,000)
91	Contracted Instructional Services Between Schools	1,203,234	-	-	(1,203,234)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 28,687,174	$ 341,296	$ 2,869,545	(25,476,333)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	15,894,665
DT	Property Taxes, Levied for Debt Service	6,259,590
SF	State Aid - Formula Grants	2,059,057
GC	Grants and Contributions not Restricted	388,579
IE	Investment Earnings	2,017,547
MI	Miscellaneous Local and Intermediate Revenue	821,624
S1	Special Item - See note V	(134,476)
TR	Total General Revenues and Special Items	27,306,586
CN	Change in Net Position	1,830,253
NB	Net Position - Beginning	63,467,790
NE	Net Position - Ending	$ 65,298,043

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

DENVER CITY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2023

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ 1,405,580	$ -	$ 119,511	$ 1,525,091
1120	Investments - Current	41,076,337	1,954,975	14	43,031,326
1220	Property Taxes - Delinquent	281,455	79,574	-	361,029
1230	Allowance for Uncollectible Taxes	(76,766)	(18,610)	-	(95,376)
1240	Due from Other Governments	231,531	3,677	2,202,663	2,437,871
1260	Due from Other Funds	2,036,517	216,995	2,335	2,255,847
1290	Other Receivables	66	-	-	66
1410	Prepayments	-	-	9,560	9,560
1000	Total Assets	$ 44,954,720	$ 2,236,611	$ 2,334,083	$ 49,525,414
	LIABILITIES				
2110	Accounts Payable	$ 19,893	$ -	$ 407,311	$ 427,204
2160	Accrued Wages Payable	881,702	-	100,661	982,363
2170	Due to Other Funds	588,240	-	1,665,507	2,253,747
2180	Due to Other Governments	3,838,032	-	-	3,838,032
2190	Due to Student Groups	2,100	-	-	2,100
2200	Accrued Expenditures	145,171	-	-	145,171
2300	Unearned Revenue	205,039	60,964	39,578	305,581
2000	Total Liabilities	5,680,177	60,964	2,213,057	7,954,198
	FUND BALANCES				
	Restricted Fund Balance:				
3480	Retirement of Long-Term Debt	-	2,175,647	-	2,175,647
	Committed Fund Balance:				
3510	Construction	13,831,757	-	-	13,831,757
3530	Capital Expenditures for Equipment	6,969,219	-	-	6,969,219
3545	Other Committed Fund Balance	16,925,906	-	-	16,925,906
3600	Unassigned Fund Balance	1,547,661	-	121,026	1,668,687
3000	Total Fund Balances	39,274,543	2,175,647	121,026	41,571,216
4000	Total Liabilities and Fund Balances	$ 44,954,720	$ 2,236,611	$ 2,334,083	$ 49,525,414

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

DENVER CITY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2023

EXHIBIT C-2

	Total Fund Balances - Governmental Funds	$	41,571,216
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $140,294,897 and the accumulated depreciation was ($41,987,748). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities increased net position.		33,303,647
2	The bond premiums are amortized over the life of the debt. The current year amortization of $705,722 is required to be amortized and recognized in the statement of net position resulting in a increase in net position.		705,722
3	The amount of deferred gain on defeasance of bonds is required to be recognized in the statement of net position resulting in a decrease in net position.		(463,246)
4	Governmental funds report debt proceeds on issuance of debt as financing sources when debt is first issued, whereas these proceeds are reported as long-term liabilities in the statement of net postion. The net effect of reclasssifying debt proceeds of $7,177 to liabilities decreases net position.		(7,177)
5	A decrease to the compensated sick leave plan resulted in an increase to net position.		23,412
6	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2023 capital outlays and debt principal payments is to decrease net position.		4,073,966
7	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 in the amount of $4,736,658, a deferred resource inflow related to TRS in the amount of $437,272, and a deferred resource outflow related to TRS in the amount of $1,999,993. This amounted to a decrease in net position.		(3,173,937)
8	Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liabilities required by GASB 75 in the amount of $3,099,972, a deferred resource inflow related to OPEB in the amount of $5,767,170, and a deferred resource outflow related to OPEB in the amount of $1,060,287. This amounted to a decrease in net position.		(7,806,855)
9	The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation decreased net position.		(3,194,357)
10	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. The net effect of these reclassifications is to increase net position.		265,652
19	**Net Position of Governmental Activities**	$	65,298,043

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

DENVER CITY INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 18,211,930	$ 6,380,456	$ 326,417	$ 24,918,803
5800	State Program Revenues	2,862,162	88,217	118,444	3,068,823
5900	Federal Program Revenues	398,836	-	2,107,367	2,506,203
5020	Total Revenues	21,472,928	6,468,673	2,552,228	30,493,829
	EXPENDITURES:				
	Current:				
0011	Instruction	10,031,771	-	1,144,021	11,175,792
0012	Instructional Resources and Media Services	189,835	-	-	189,835
0013	Curriculum and Instructional Staff Development	214,677	-	93,470	308,147
0021	Instructional Leadership	104,736	-	16,951	121,687
0023	School Leadership	1,160,951	-	22,958	1,183,909
0031	Guidance, Counseling, and Evaluation Services	718,427	-	143,066	861,493
0033	Health Services	198,990	-	-	198,990
0034	Student (Pupil) Transportation	976,252	-	758	977,010
0035	Food Services	6,676	-	1,087,306	1,093,982
0036	Extracurricular Activities	1,324,160	-	194,183	1,518,343
0041	General Administration	1,157,619	-	-	1,157,619
0051	Facilities Maintenance and Operations	4,904,663	-	-	4,904,663
0052	Security and Monitoring Services	138,670	-	-	138,670
0053	Data Processing Services	485,738	-	1,200	486,938
0061	Community Services	24,270	-	-	24,270
	Debt Service:				
0071	Principal on Long-Term Liabilities	35,941	1,730,000	-	1,765,941
0072	Interest on Long-Term Liabilities	1,373	2,689,263	-	2,690,636
0073	Bond Issuance Cost and Fees	-	1,000	-	1,000
	Capital Outlay:				
0081	Facilities Acquisition and Construction	490,461	-	-	490,461
	Intergovernmental:				
0091	Contracted Instructional Services Between Schools	1,203,234	-	-	1,203,234
6030	Total Expenditures	23,368,444	4,420,263	2,703,913	30,492,620
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,895,516)	2,048,410	(151,685)	1,209
	OTHER FINANCING SOURCES (USES):				
7913	Proceeds of Right-to-Use Lease	7,177	-	-	7,177
7915	Transfers In	-	-	163,004	163,004
8911	Transfers Out (Use)	(163,004)	-	(153,244)	(316,248)
7080	Total Other Financing Sources (Uses)	(155,827)	-	9,760	(146,067)
	EXTRAORDINARY ITEMS:				
8913	Extraordinary Item - (Use)	(134,476)	-	-	(134,476)
1200	Net Change in Fund Balances	(2,185,819)	2,048,410	(141,925)	(279,334)
0100	Fund Balance - September 1 (Beginning)	41,460,362	127,237	262,951	41,850,550
3000	Fund Balance - August 31 (Ending)	$ 39,274,543	$ 2,175,647	$ 121,026	$ 41,571,216

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

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

Total Net Change in Fund Balances - Governmental Funds	$	(279,334)
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 increase the change in net position.		4,073,966
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect decreases change in net position.		(3,194,357)
Governmental funs report debt proceeds on issuance of debt as financing sources when debt is first issued, shere as these are reported as long-term liabilties in thestatement of net postiion. The net effect of reclassifiying debt proceeds decreases change in net position.		(7,177)
Bond premiums and deferred gain on refunding are recorded as revenues when the funds are received in teh fund financial statements but are capitalized and amortized in the government-wide financial statements. Current bond premium amortization of $705,722 and current gain on refunding amortization of $93,435 increased the change in net position.		799,157
A decrease to the compensated sick leave plan resulted in an increase to change in net position.		23,412
Current year changes due to GASB 68 increased revenues in the amount of $154,419 but also increased expenditures in the amount of $315,026. The net effect is to decrease change in ending net position.		(160,607)
Current year changes due to GASB 75 decreased revenues in the amount of $727,363 but also decreased expenditures in the amount of $1,370,695. The net effect is to increase change in ending net position.		643,332
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, The net effect of these reclassifications and recognitions decreses change in net position.		(68,139)
Change in Net Position of Governmental Activities	$	1,830,253

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

EXHIBIT E-1

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

	Private Purpose Trust Fund	Total Custodial Funds
ASSETS		
Cash and Cash Equivalents	$ 41,283	$ 275,421
Investments - Current	15,000	-
Total Assets	56,283	$ 275,421
NET POSITION		
Restricted for Scholarships	56,283	-
Restricted for Other Purposes	-	275,421
Total Net Position	$ 56,283	$ 275,421

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

EXHIBIT E-2

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

	Private Purpose Trust Fund	Total Custodial Funds
ADDITIONS:		
Miscellaneous Revenue - Student Activities	$ -	$ 104,815
Earnings from Temporary Deposits	-	2
Contributions, Gifts and Donations	42,235	-
Miscellaneous Additions	-	153,244
Total Additions	42,235	258,061
DEDUCTIONS:		
Supplies and Materials	-	74,890
Other Deductions	6,649	-
Total Deductions	6,649	74,890
Change in Fiduciary Net Position	35,586	183,171
Total Net Position September 1 (Beginning)	20,697	92,250
Total Net Position August 31 (Ending)	$ 56,283	$ 275,421

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Denver City Independent School District (the District) is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB) applicable to governmental units. The District also complies with the appropriate version of the Texas Education Agency's (TEA) Financial Accountability System Resource Guide (FAR) and the requirements of contracts and grants of agencies from which it receives funds. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of School Trustees (the Board), a seven-member group, is elected by the public and has the authority to make decisions, appoint administrators and managers and significantly influence operations. It also has the primary accountability for fiscal matters. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

B. BASIS OF ACCOUNTING AND PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Denver City Independent School District's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District currently has no business-type activities.

The government-wide financial statements use 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds. Bond issue costs are expensed when incurred, in accordance with GASB Statements No. 63 and 65.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the District. Examples include athletic events and school lunch charges. The "operating grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenue.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense to each function allocated. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

FUND FINANCIAL STATEMENTS

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt which is recognized when due.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments are recorded only when payment is due.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

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

The proprietary fund types and fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted and unrestricted.

GOVERNMENTAL FUND TYPES

The District reports the following major governmental fund:

General Fund – This fund is established to account for resources used for general operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund and undesignated fund balances are considered resources available for current operations.

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

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

Governmental Funds:

Special Revenue Funds — The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund. Except for the food service fund, any unused balances are returned to the grantor at the close of specified project periods. The food service fund is the only required budgeted special revenue fund and historically operates at a deficit that is funded by an operating transfer from the general fund.

The District's food service is considered a special revenue fund since the general fund only subsidizes the food service program for all expenditures in excess of the National School Lunch Program (NSLP) and user fees. Food service fund balances, if any, are used exclusively for child nutrition program purposes. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.

B. BASIS OF ACCOUNTING AND PRESENTATION — CONTINUED

GOVERNMENTAL FUND TYPES - CONTINUED

Fiduciary Funds:

Custodial Funds — The District accounts for activities of student groups in these funds. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

Private Purpose Trust Funds — The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are scholarship funds with annual scholarships to be awarded to past students of the District in accordance with the donor stipulations.

C. OTHER ACCOUNTING POLICIES

Cash Equivalents — For purposes of the Statement of Cash Flows for proprietary and similar fund types, the District considers highly liquid investments to be cash equivalents if they mature in three months or less when purchased.

Capital Assets — Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30-50
Building Improvements	20
Vehicles	5-8
Other Equipment	5-10

Land is not depreciated

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

Consumable Materials and Supplies — The District's disbursements for the purchase of consumable materials and supplies are recorded as expenditures. Inventories of such items, therefore, are not included in the balance sheet. 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 Human Services and recorded as expenditures when received, and revenue is recognized for an equal amount.

Due From (To) Other Funds — Interfund receivables and payables arise from interfund transactions and are recorded in the affected funds in the period in which transactions are executed. See Note IV, D for additional discussion of interfund receivables, payables and transfers.

Deferred Outflows of Resources — In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Long-Term Debt — In the government-wide financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activity. Bond premiums, but not issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are expensed in the year incurred. Accretion of interest on the capital appreciation bonds is recorded at the accreted value through the end of the fiscal year.

In the Fund Financial Statements, governmental fund types recognize payment of debt as an expenditure during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases — The District implemented GASB Statement No. 87 (GASB 87) for reporting leases. A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset(s) as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level set by the Board. The right-to-use lease liability is reported in government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

Vacation and Sick Leave — Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying General Purpose Financial Statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leaves are allowed to accumulate but do not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying General Purpose Financial Statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

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

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

Deferred Inflows of Resources — In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. On the government-wide statements, these taxes are included in revenue; therefore, they are not reported in this category on the government-wide statement of net position.

Restriction on Assets — The assets of the scholarship funds are restricted for scholarships only. There are no restrictions on the assets of the General Fund.

Net Position on the Statement of Net Position

Net position on the Statement of Net Positions includes the following:

Net Investment in Capital Assets — The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for Federal and State Programs — The component of net position that is restricted for the operation of the food service.

Restricted for Debt Service — The component of net position that is restricted for use in repayment of long-term obligations of the District.

Unrestricted — The difference between assets with deferred outflows of resources and liabilities with deferred inflows of resources that is not reported in Net Investment in Capital Assets, Restricted for Federal and State programs, or Restricted for Debt Service.

C. OTHER ACCOUNTING POLICIES — CONTINUED

Governmental Fund Balances:

The District uses the following classifications of fund balance.

Nonspendable Fund Balance — amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District does not have a nonspendable fund balance.

Restricted Fund Balance — that fund balance that can be spent only for specific purposes stipulated by constitution, external resource providers, laws and regulations of other governments or enabling legislation.

Committed Fund Balance — that portion of fund balance that can be used only for specific purposes pursuant to constraints imposed by formal Board action no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner. The District has committed balances for construction, capital expenditures and other items totaling $37,726,882.

Assigned Fund Balance — that portion of fund balance that is constrained by the District's intent to be used for specific purposes but is neither restricted nor committed. Such intent is expressed by the Board or its designated official. Constraints imposed on the use of assigned amounts can be removed without formal Board action. The District does not have an assigned fund balance.

Unassigned Fund Balance — that portion of fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund. It represents that portion that is available for budgeting future operations.

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

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

Management's Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONTINUED

C. OTHER ACCOUNTING POLICIES — CONTINUED

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the Governmental Fund Balance Sheet and the net position for governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value Beginning of the Year	Change in Net Position
Land	$ 1,061,479		$ 1,061,479	
Buildings and Improvements	130,465,736	(34,005,805)	96,459,931	
Furniture and Equipment	9,696,563	(7,923,537)	1,773,026	
Lease Equipment	132,598	(58,406)	74,192	
Change in Net Position				$ 99,368,628
Long-Term Liabilities Beginning of the Year			**Payable Beginning of the Year**	
Bonds Payable			$ 58,845,000	
Bond Premium			7,020,811	
Compensated Absences			165,800	
Leases			33,370	
Change in Net Position				66,064,981
Net Adjustment to Net Position				$ 33,303,647

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS — CONTINUED

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibits C-2 and C-4 provide reconciliations between the net changes in fund balance as shown on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Changes in Net Position of Governmental Activities as reported on the government-wide Statement of Activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements but should be shown as increases in net position in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	Amount	Exhibit C-2 Adjustments to Net Position	Exhibit C-4 Adjustments to Changes in Net Position
Current Year Capital Outlay			
Building Improvements	$ 56,705		
Furniture and Equipment	284,100		
Construction in Process	1,946,168		
Leased Equipment	7,177		
Total Capital Outlay	$ 2,294,150	$ 2,294,150	$ 2,294,150
Debt Principal Payments			
Bond Payments	$ 1,730,000		
Compensated absence payments	$ 13,875		
Lease Payments	35,941		
Total Principal Payments	$ 1,779,816	1,779,816	1,779,816
Total Adjustment to Net Position		$ 4,073,966	$ 4,073,966

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

Adjustments to Revenue and Deferred Revenue	Amount	Exhibit C-2 Adjustments to Net Position	Exhibit C-4 Adjustments to Changes in Net Position
Taxes Collected from Prior Year Levies	$ 239,390	$ -	$ (239,390)
Uncollected Taxes (assumed collectible) from Current Year Levy	$ 155,329	155,329	155,329
Uncollected Taxes (assumed collectible) from Prior Year Levy	$ 110,323	110,323	
Change in Estimate of Deferred Revenue at Beginning of Year	$ 15,922		15,922
		$ 265,652	$ (68,139)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Child Nutrition Program (which is included in the special revenue funds) and Debt Service Fund. The District is required to present the adopted and final amended budget revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the other two reports are in Exhibits J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

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

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

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after the fiscal year end. Budget amendments were necessary during the year. These budget amendments were a result of capital improvement projects. The budget was overbudget in several functions and also overall in the general fund.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal Contractual Provisions Governing Deposits and Investments

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

Statutes and local investment policy authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas, (2) certificates of deposit, (3) fully collateralized repurchase agreements, (4) securities lending program, (5) bankers' acceptances, (6) commercial paper, (7) no-load money market mutual funds, (8) no-load mutual funds, (9) guaranteed investment contracts and (10) public investment pools.

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. This policy is reviewed on an annual basis and addresses the following risks:

Custodial Credit Risk for Deposits (cash, certificates of deposit and interest-bearing savings accounts) — The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank acquired a surety bond in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The District's depository bank provided letters of credit totaling $4,500,000 to $4,900,000 during the year in addition to normal FDIC coverage on the deposits.

The District uses West Texas National Bank as its depository. At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposits and interest-bearing savings accounts) at West Texas National Bank was $1,344,766 and the bank balance was $3,062,431.

The District is in the process of transferring all funds from its previous depository Wells Fargo. At August 31, 2023, the carrying amount of the District's deposits (cash, certificates of deposits and interest-bearing savings accounts) at Wells Fargo was $472,026 and the bank balance was $472,026.

The District's largest balance in West Texas National Bank was $4,466,976 which occurred in February 2023 when the value of the surety bond and FDIC insurance was $4,750,000. The District's largest balance in Wells Fargo Bank was $485,683 which occurred in September 2022 when the value of FDIC insurance was $500,683. As of August 31, 2023, all funds were fully secured.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

A. DEPOSITS AND INVESTMENTS — CONTINUED

Custodial Credit Risks for Investments — To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligation, the District limits investments to certificates of deposit and public funds investment pools. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in investment pools to AAA ratings issued by Nationally Recognized Statistical Rating Organizations (NRSROs). As of August 31, 2023, Standard & Poor's rated the District's investment pools AAA.

Interest Rate Risk — Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District invests in certificates of deposit and interest-bearing checking and savings accounts to limit the interest rate risk. The Lone★Star Investment Pool maintains a weighted average maturity of 60 days or fewer.

Concentration of Credit Risk — The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act. There were no investments in any one issuer that represent 5% or more of the District's total investments.

The District also participates in the Lone★Star Investment Pool. The Pool is administered by First Public, LLC, a wholly owned subsidiary of the Texas Association of School Boards, Inc. and is governed by an eleven-member Board of Trustees (Board) made up of active participants in the Pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, and overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. The Board is also responsible for monitoring performance of the Pool. The Lone★Star Pool uses the Bank of New York Mellon to settle all trades for the Pool and secures and values its assets every day. Two other firms, American Beacon Advisors and BNY Mellon Cast Investment Strategies, manage the investment and reinvestment of Lone★Star's assets. The District participates in two separate sub-funds of the Lone★Star Investment Pool: Corporate Overnight Fund and the Government Overnight Fund. Both funds provide participants with safety of principal, daily liquidity, and the highest possible rate of return. These funds seek to maintain a net asset value of one dollar and its dollar-weighted average maturity is 60 days or fewer.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

A. DEPOSITS AND INVESTMENTS — CONTINUED

A summary of the District's cash and cash equivalents and investments at August 31, 2023, are shown below:

	Cash on Hand	Bank	Investments	Total
General Fund	$ 6,850	$ 1,398,730	$ 41,076,337	$ 42,481,917
Debt Service Fund	-	-	1,954,975	1,954,975
Other Governmental	150	119,361	14	119,525
Total Governmental	7,000	1,518,091	43,031,326	44,556,417
Fiduciary Funds	-	316,704	15,000	331,704
Total	$ 7,000	$ 1,834,795	$ 43,046,326	$ 44,888,121

The District's investments at August 31, 2023, are as follows:

Certificates of Deposit		Fair Value	Yield	Days until Maturity
Wells Fargo		$ 15,000	1.90%	237
	Total	$ 15,000		

Investment Pool	Account Name	Fund Rating (Standard & Poor's)	Maturity		Amount
Lone★Star	General Fund	AAAf / S1+	Wtd Avg Maturity < 1 year		$41,076,337
Lone★Star	Interest & Sinking	AAAf / S1+	Wtd Avg Maturity < 1 year		1,954,975
Lone★Star	Construction	AAAf / S1+	Wtd Avg Maturity < 1 year		14
				Total	$43,031,326

B. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the levy date. The certified assessed taxable value of the property tax roll in July 21, 2022, upon which the levy for the 2022-2023 fiscal year was based, was $1,617,744,496. The roll was subsequently increased to a year-end assessed value of $1,624,822,965. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt was $0.9746 and $0.3854 per $100 valuation, respectively, for a total of $1.36 per $100 valuation.

Delinquent taxes are recorded as an asset and allowances for uncollectible tax receivables are based on historical experience in collecting property taxes. The District is prohibited from writing-off real property taxes until they have been delinquent for twenty years.

C. DISAGGREGATION OF DUE FROM/TO OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements through the State School Foundation and Per Capita Programs. Amounts due from or to federal and state governments as of August 31, 2023, are included in the summary below. All federal grants shown below are passed through the Texas Education Agency and are reported on the combined financial statements as Due from Other Governments.

	General Fund	Debt Service Fund	Special Fund	Total
Due from State	$ 231,531	$ 3,677	$ 2,202,663	$ 2,437,871
Total	$ 231,531	$ 3,677	$ 2,202,663	$ 2,437,871

The Due to Other Governments in the General Fund consists of a combination of overpayment of foundation money and additional recapture due.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

D. INTERFUND BALANCES AND TRANSFERS

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

	Due from Other Funds	Due to Other Funds
General Fund:		
General Fund	$ 371,245	371,245
Debt Service Fund		216,995
Nonmajor Governmental Funds	1,665,272	
Total General Fund	2,036,517	588,240
Debt Service Fund		
General Fund	216,995	-
Total Nonmajor Governmental Funds	216,995	-
Nonmajor Govermental Funds		
General Fund		1,665,507
Nonmajor Governmental Funds	2,335	
Total Nonmajor Governmental Funds	2,335	1,665,507
Total Govermental Funds	2,255,847	2,253,747
Custodial Funds		
Nonmajor Governmental Funds		2,100
Total Nonmajor Governmental Funds	-	2,100
Total	$ 2,255,847	$ 2,255,847

The District did not clear the interfund payables and receivables at year-end. The amounts represent short-term borrowings between funds for payment of year end expenses.

Interfund transfers for the year ended August 31, 2023, consisted of the following:

	Transfers In	Transfers Out
General Fund	$ -	$ 163,004
Nonmajor Governmental Fund	163,004	153,244
Custodial Fund	153,244	
	$ 316,248	$ 316,248

These transfers were to supplement the operation of the Summer Feeding program and the activity funds.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

E. CAPITAL ASSET ACTIVITY

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

	Primary Government			
	Beginning Balance	Additions	Retirements/ Adjustments	Ending Balance
Governmental Activities				
Capital Assets				
Land	$ 1,061,479	$ -	$ -	$ 1,061,479
Buildings and Improvements	130,465,736	56,705	-	130,522,441
Furniture and Equipment	9,696,563	284,100	-	9,980,663
Construction in Process	-	1,946,168	-	1,946,168
Totals at Historical Cost	141,223,778	2,286,973	-	143,510,751
Less Accumulated Depreciation for				
Buildings and Improvements	(34,005,805)	(2,701,357)	-	(36,707,162)
Furniture and Equipment	(7,923,537)	(474,057)	-	(8,397,594)
Total Accumulated Depreciation	(41,929,342)	(3,175,414)	-	(45,104,756)
Capital Assets, net	99,294,436	(888,441)	-	98,405,995
Right-to-use Leased Assets				
Furniture and Equipment	132,598	7,177		139,775
	132,598	7,177	-	139,775
Less Accumulated Amortization:				
Funiture & Equipment	(58,406)	(18,943)		(77,349)
	(58,406)	(18,943)	-	(77,349)
Right-to-use Leased Assets, Net	74,192	(11,766)	-	62,426
Total Capital Assets, Net	$ 99,368,628	$ (900,207)	$ -	$ 98,468,421

E. CAPITAL ASSET ACTIVITY - CONTINUED

For the year ended August 31, 2023, depreciation expense was charged to governmental functions as follows:

Instruction	$ 1,243,678
Instructional Resources and Media Services	34,550
Curriculum Development and Instructional Staff Development	35,295
Instructional Leadership	190
School Leadership	79,098
Guidance, Counseling, and Evaluation Services	44,659
Social Work Services	4,994
Health Services	36,317
Student Transportation	127,556
Food Services	69,308
Extracurricular Activities	750,472
General Administration	104,321
Plant Maintenance and Operations	402,068
Security and Monitoring Services	73,257
Data Processing Services	138,577
Community Services	31,074
Total Depreciation Expense	$ 3,175,414

For the year ended August 31, 2023, amortization expense was charged to governmental functions as follows:

Instruction	$ 17,617
Instructional Leadership	568
General Administration	758
Total Amortization Expense	$ 18,943

F. UNAVAILABLE REVENUE — PROPERTY TAXES

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. Deferred inflows of resources consisted of the following at year end:

	General Fund	Debt Services Fund	Total
Property Taxes - Delinquent	$ 281,455	$ 79,574	$ 361,029
Less: Allowance for Uncollectible Taxes	(76,766)	(18,610)	(95,376)
Total Deferred Inflows of Resources (Exhibit C-1)	$ 204,689	$ 60,964	$ 265,653

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Statement of Net Position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

Unlimited Tax School Building Bonds – Series 2016A

On March 21,2016, the District issued Unlimited Tax School Bonds, Series 2016 a in the amount of $50,145,000. These serial current interest bonds require annual principal payments ranging from $715,000 to $1,205,000. Principal payments began on February 15, 2018, and the final payment will be made February 15, 2042. Interest rates on the annual installments ranged from 2.0% to 5%.

Unlimited Tax Refunding Bonds – Series 2020

In 2020, the District issued Unlimited Tax Refunding Bonds, Series 2020, in the amount of $12,195,000. The interest rate on the annual installments ranges from 3.00% to 5.00%. Principal payments began on February 15, 2020, and the final payment is due on February 15, 2033.

Debt service requirements are as follows:

Year Ending	General Obligations		Total
August 31,	Principal	Interest	Requirements
2024	$ 1,815,000	$ 2,600,637	$ 4,415,637
2025	1,910,000	2,507,512	4,417,512
2026	2,005,000	2,409,638	4,414,638
2027	2,105,000	2,345,837	4,450,837
2028	2,200,000	2,017,363	4,217,363
2029-2033	12,565,000	9,590,362	22,155,362
2034-2038	17,270,000	6,153,313	23,423,313
2039-2042	17,245,000	1,492,819	18,737,819
	$ 57,115,000	$ 29,117,481	$ 86,232,481

H. COMPENSATED ABSENCES

An employee with at least ten year of service with the District who voluntarily separates from employment with the District is eligible for reimbursement for state and local leave. The employee shall be reimbursed for each day of unused state and local leave, to a maximum of 100 days, at a rate of $50 per day. This liability is included in the government-wide financial statements.

A summary of changes in the compensated absences liability follows:

Estimated obligation, September1, 2022	$ 165,800
Additional accumulations	-
Forfeitures	(23,412)
Payments to participants	(13,875)
Estimated obligation, August 31, 2023	$ 128,513

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

I. RIGHT-TO-USE LEASES

Postage Meter

As of August 31, 2023, the District had recognized a right-to-use asset of $7,177 and a lease liability of $7,177 related to this agreement for a Quadient iX-5 Series Postage Meter. Under the terms of the lease, the District pays a quarterly fee of $964.95. The District used a discount rate of 6.25% based on comparison of prior year's rates to the comparable debt the District added this fiscal year. The lease terminates in September 2024.

Copiers

As of August 31, 2023, the District completed the lease of copiers. The lease was paid off during the current year.

During the fiscal year, the District recorded $18,943 in amortization expense and $1,373 in interest expense for right-to-use postage meter and copiers.

The District also rents miscellaneous maintenance equipment as needed that is not subject to GASB Statement No. 87.

Remaining obligations associated with these leases are as follows:

Year Ending	Lease Obligations		Total
August 31,	Principal	Interest	Requirements
2024	$ 3,656	$ 203	$ 3,859
2025	950	15	965
	$ 4,606	$ 218	$ 4,824

J. CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds:					
Bonds - Series 2016A	$ 48,190,000		$ 985,000	$47,205,000	$ 1,030,000
Bonds - Series 2020	10,655,000		745,000	9,910,000	785,000
Premium on Bonds	7,020,811		705,722	6,315,089	
Compensated Absences	165,800		37,287	128,513	
Leases	33,370	7,177	35,941	4,606	3,656
	$ 66,064,981	$ 7,177	$ 2,508,950	$63,563,208	$ 1,818,656

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN

Plan Description — The Denver City 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.

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

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

Benefits Provided — TRS 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 five 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 five years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post- employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

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

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

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

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

Contributions Rates

	2022	2023
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employer	7.75%	8.00%

District's Measurement Year Employer Contributions	$ 372,303
District's Measurement Year Member Contributions	336,186
District Measurement Year NECE On-Behalf Contributions	711,480

The actual contributions made by the district during the reporting period (the district's FY 2023) were $410,392 for the district and $ 904,776 made by the plan members employed by the district.

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

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

Contributions - continued —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 the fiscal year reduced by the amounts described below which are paid by the employers. Employers (including public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025. The surcharge for fiscal year 2023 is 1.8%.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Net Pension Liability

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

Net Pension Liability	2022
Total pension liability	$ 243,553,045,455
Less plan fiduciary net position	(184,185,617,196)
Net pension liability	$ 59,367,428,259
Net position as a percentage of total pension liability	75.62%

Actuarial Assumptions

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

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

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

Discount Rate — A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on 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 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

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, (see page 54 of the TRS ACFR) are summarized below:

Asset Class[1]	Target Allocation[2] %	Long-Term Expected Geometric Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources, and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity			
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag[4]			-0.91%
Total	**100%**		**8.19%**

[1] Absolute Return includes Credit Sensitive Investments.
[2] Target allocations are based on the FY2022 policy model.
[3] Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022).
[4] The volatility drag results from the conversion between arithmetic and geometric mean returns.

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

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

	1% Decrease in Discount Rate (6.00%)	Current Single Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	$ 7,368,444	$ 4,736,658	$ 2,603,472

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions — At August 31, 2023, the Denver City Independent School District reported a liability of $4,736,658 for its proportionate share of the TRS' net pension liability. This liability reflects a reduction for State pension support provided to the Denver City Independent School District. The amount recognized by the Denver City Independent School 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 Denver City Independent School District were as follows:

District's proportionate share of the collective net pension liability	$ 4,736,658
State's proportionate share that is associated with the District	9,051,880
Total	$ 13,788,538

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, through August 31, 2022.

At August 31, 2022, the Denver City Independent School District's proportion of the collective net pension liability was 0.0079785464% which was a decrease of 0.0000586526% from its proportion measured as of August 31, 2021.

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

Changes In Benefit Terms — There were no changes in benefits.

For the year ended August 31, 2023, the District recognized pension expense of $865,257 and revenue of $865,257 for support provided by the State in the Government Wide Statement of Activities.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

K. DEFINED BENEFIT PENSION PLAN — CONTINUED

At August 31, 2023, the Denver City Independent School 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 economic experience	$ 68,681	$ 103,268
Changes in actuarial assumptions	882,594	219,967
Net difference between projected and actual investment earnings	467,967	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	170,359	114,037
Contributions paid to TRS subsequent to the measurement date	410,392	
Total	$ 1,999,993	$ 437,272

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

Year ended August 31:	Expense Amount
2024	$ 270,083
2025	164,107
2026	78,731
2027	563,473
2028	75,933
Thereafter	-

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2022, are as follows:

Net OPEB Liability	2022
Total OPEB liability	$ 27,061,942,520
Less plan fiduciary net position	(3,117,937,218)
Net OPEB liability	$ 23,944,005,302
Net position as a percentage of total OPEB liability	11.52%

Benefits Provided — TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional 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.

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

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

TRS-Care Monthly Premium Rates

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

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

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

Contribution Rates

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

District's Measurement Year Employer Contributions	$ 106,337
District's Measurement Year Member Contributions	34,092
District's Measurement Year NECE On-Behalf Contributions	129,714

The actual contributions made by the district during the reporting period (the district's FY 2023) were $116,465 for the district and $73,513 made by the plan members employed by the district.

In addition to the employer contributions listed above, there is an additional surcharge to which 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 to TRS-Care a monthly surcharge of $535 per retiree.

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

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

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021, TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

The active mortality rates were based on 90% 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 Table with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions:

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

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

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

Discount Rate — A single discount rate of 3.91% was used to measure the total OPEB liability. This was an increase of 1.96% in the discount rate since the previous year. The Discount Rate can be found in the 2022 TRS ACFR on page 77. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis — The following schedule shows the impact of the net OPEB liability if the discount rate used was one percentage point lower and one percentage point higher than the discount rate that was used (3.91%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (2.91%)	Current Single Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
District's proportionate share of the net OPEBI liability	$ 3,655,113	$ 3,099,972	$ 2,650,237

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	$ 2,554,391	$ 3,099,972	$ 3,807,248

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs — At August 31, 2023, Denver City Independent School District reported a liability of $3,099,972 for its proportionate share of the TRS' 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 Denver City Independent School District were as follows:

District's proportionate share of the collective net OPEB liability	$ 3,099,972
State's proportionate share that is associated with the District	3,781,479
Total	$ 6,881,451

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

At August 31, 2022, the Denver City Independent School District's proportion of the collective net OPEB liability was 0.012946757% compared to the 0.012826872% as of August 31, 2021. This is an increase of 0.000119885%.

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

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

For the year ended August 1, 2023, Denver City Independent School District recognized a decrease in OPEB expenses of $536,622 and a decrease in revenue of $536,622 for support provided by the State.

At August 31, 2023, Denver City Independent School District reported its proportionate share of the TRS' 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 economic experience	$ 172,347	$ 2,582,555
Changes in actuarial assumptions	472,187	2,153,676
Net difference between projected and actual investment earnings	9,234	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	290,054	1,030,939
Contributions paid to TRS subsequent to the measurement date	116,465	
Total	$ 1,060,287	$ 5,767,170

L. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS — CONTINUED

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

Year ended August 31:		OPEB Expense Amount
2024	$	(883,557)
2025		(883,528)
2026		(752,068)
2027		(574,093)
2028		(584,722)
Thereafter		(1,145,380)

M. MEDICARE PART D – ON-BEHALF PAYMENTS

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January I, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Group Insurance Program to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants The subsidy payments received by TRS-Care on behalf of the District were $59,536 and $48,846 for the years ended August 31, 2023 and 2022, respectively.

N. HEALTHCARE COVERAGE

During the year ended August 31, 2023, the employees of the Denver City Independent School District were covered by a health insurance plan (the Plan) through the Teacher Retirement System of Texas (TRS-Active Care), an interlocal cooperative agreement. The District paid premiums of $625 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the Teacher Retirement System of Texas. The plan was authorized by Article 3.50-7 of the Texas School Employees Uniform Group Health Coverage of the Texas Insurance Code and was documented by contractual agreements. The latest financial statements for TRS-Active Care for the year ended December 31, 2022, are public records that are available and filed with the Texas State Board of Insurance, Austin, Texas.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

O. DEFINED CONTRIBUTION RETIREMENT PLAN

The District contributes to tax-sheltered annuity plans (403(b) plans) for participating employees. A 403(b) plan is a defined contribution retirement plan for certain employees of public schools, employees of certain tax-exempt organizations, and certain ministers. The District's matching and vesting schedules are show below. The District contributed $412,103 to employee 403(b) accounts in the fiscal year ending August 31, 2023.

District Matching Formula Based on Contract or Base Salary	
Employee	Employer
1%	2%
2%	2%
3%	3%
4%	4%
5%	5%

Vesting Schedule For District Match	
Years of Service	% Vested
1 Year	0%
2 Years	0%
3 Years	25%
4 Years	50%
5 Years	100%

P. WORKERS' COMPENSATION

The District participates with several other school districts in the region to form South Plains School Workers' Compensation Program (SPSWCP, a public entity risk pool currently operating as a common risk management and insurance program for the school districts. The District pays an annual premium to SPSWCP for its workers' compensation insurance coverage. The agreement for formation of the SPSWCP provides that SPSWCP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $350,000 for each insured event. Also, should claims exceed the aggregate attachment level of $2,006,829; an additional $1 million of coverage is available.

Q. GENERAL FUND FEDERAL REVENUE SOURCES

The following federal revenues were recorded through the General Fund:

Program or Source	Assistance Listing Number	Amount
School Health and Related Services (SHARS)	N/A	$ 398,836
Total		$ 398,836

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

R. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Special Revenue Funds	Total
Current property taxes	$ 15,662,975	$ 6,191,793	$ -	$ 21,854,768
Delinquent property taxes	172,949	66,441		239,390
Penalties, interest, and other tax-related income	94,540	33,695		128,235
Investment income	1,921,244	88,527	7,775	2,017,546
Food sales			94,523	94,523
Extracurricular activities				-
Tuition and fees	12,299			12,299
Gifts and donations			2,415	2,415
Activity funds			220,175	220,175
Rent				-
Insurance Recovery				-
Other	347,923		1,529	349,452
Total	$ 18,211,930	$ 6,380,456	$ 326,417	$ 24,918,803

S. JOINT VENTURES

Carl D. Perkins Grant

The Denver City Independent School District participates in a shared services arrangement for the Carl D. Perkins Career and Technical Basic Grant. These funds are granted to develop more fully the academic knowledge and technical and employability skills of secondary education students who elect to enroll in career and technical education programs. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Region 17 Education Service Center is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. The revenue and expenditures attributable to the District's participation is $21,087.

22-23 Perkins V: Strengthening Career and Technical Education for the 21st Century

The Denver City Independent School District is the fiscal agent of a shared services arrangement for 22-23 Perkins V: Strengthening Career and Technical Education for the 21st Century which is dedicated to increasing learner access to high-quality career and technical education programs of study. With a focus on systems alignment and program improvements, this grant has been critical to ensuring the program meets the ever-changing needs of learners and employers. In addition to the District, the other member is Seagraves Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. These activities are disclosed in special revenue fund 331.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS — CONTINUED

S. JOINT VENTURES – CONTINUED

Adult Basic Education (ABE)

The Denver City Independent School District participates in a shared services arrangement for an adult basic education program that provides basic literacy and life skills for individuals who desire to improve their academic level, with the intent of obtaining a GED diploma, technical training, employment or citizenship. The program provides remediation based on an individual's academic needs. Region 17 Education Service Center is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. A detail of the District's expenditures is reported in Fund 199.

T. COMMITMENTS AND CONTINGENCIES

Federal and State Funding

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

Other Commitments

The District entered an agreement with DAC, Inc. in September of 2022 to upgrade access controls to all exterior doors in the district. The District entered into a contractor's agreement with Hellas Construction Inc in February 2023, to replace the synthetic turf at AT&T Stadium College Field and upgrade the track. Neither project's installation or implementation were fully completed by year-end.

Description	Project Authorization	Expended to Date	Commitment	Required Further Financing
New Football Field Turf & Track				
Hellas Contrcution, Inc	$ 636,300	$ 490,461	$ 145,839	$ -
Digital Air Control Secured Access				
DAC Inc.	1,555,706	1,455,706	100,000	-
	$ 2,192,006	$ 1,946,167	$ 245,839	$ -

Local funds will be used to fulfill this commitment.

U. IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Statement 94 was issued in March 2020. The primary objective of this Statement is to 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. This standard becomes effective for the District in fiscal year 2023. The implementation had no significant effect on the District's financial statements.

GASB Statement No. 96: Subscription-Based Information Technology Arrangements. Statement 96 was issued in May 2020. 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. This standard becomes effective for the District in fiscal year 2023. The implementation had no significant effect on the District's financial statements.

V. SPECIAL ITEM

The District was not properly reconciling cash accounts and other financial statement amounts. Once these accounts were reconciled and audit procedures performed, there was an unreconciled difference of $134,476. This unreconciled difference is being reported as a special item due to the nature and materiality of this difference. This was a problem that had continued from the prior year.

W. QUALIFIED OPINIONS

Due to the materiality of the unreconciled difference described in Note V, the Governmental Activities and General Fund financial statement are considered materially misstated. This unreconciled difference results in an unknown material misstatement in the District's revenues and expenditures for these opinion units.

X. LITIGATION

Management represents there is no litigation pending against the District which would have a material effect on the financial statements.

Y. SUBSEQUENT EVENTS

The District has evaluated events occurring after August 31, 2023, and through February 21, 2024, the date on which financial statements were available to be issued, for additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison – General Fund

Proportionate Share of the Net Pension Liability
Teacher Retirement System of Texas

Schedule of District Contributions for Pensions
Teacher Retirement System of Texas

Proportionate Share of the Net Other Post-Employment Benefits (OPEB) Liability
Teacher Retirement System of Texas

Schedule of District Contributions for Other Post-Employment Benefits (OPEB)
Teacher Retirement System of Texas

Notes to Required Supplementary Information

EXHIBIT G-1

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 16,070,557	$ 16,070,557	$ 18,211,930	$ 2,141,373
5800	State Program Revenues	2,085,856	2,085,856	2,862,162	776,306
5900	Federal Program Revenues	-	-	398,836	398,836
5020	Total Revenues	18,156,413	18,156,413	21,472,928	3,316,515
	EXPENDITURES:				
	Current:				
0011	Instruction	10,128,264	10,128,264	10,031,771	96,493
0012	Instructional Resources and Media Services	240,250	240,250	189,835	50,415
0013	Curriculum and Instructional Staff Development	243,600	251,100	214,677	36,423
0021	Instructional Leadership	105,700	105,700	104,736	964
0023	School Leadership	1,169,500	1,169,500	1,160,951	8,549
0031	Guidance, Counseling, and Evaluation Services	626,250	626,250	718,427	(92,177)
0033	Health Services	214,250	214,250	198,990	15,260
0034	Student (Pupil) Transportation	1,248,975	1,248,975	976,252	272,723
0035	Food Services	950	950	6,676	(5,726)
0036	Extracurricular Activities	1,389,112	1,529,112	1,324,160	204,952
0041	General Administration	866,000	1,141,000	1,157,619	(16,619)
0051	Facilities Maintenance and Operations	3,375,254	4,875,254	4,904,663	(29,409)
0052	Security and Monitoring Services	191,313	201,313	138,670	62,643
0053	Data Processing Services	578,597	578,597	485,738	92,859
0061	Community Services	645	30,645	24,270	6,375
	Debt Service:				
0071	Principal on Long-Term Liabilities	-	-	35,941	(35,941)
0072	Interest on Long-Term Liabilities	-	-	1,373	(1,373)
	Capital Outlay:				
0081	Facilities Acquisition and Construction	-	500,000	490,461	9,539
	Intergovernmental:				
0091	Contracted Instructional Services Between Schools	891,818	1,591,818	1,203,234	388,584
6030	Total Expenditures	21,270,478	24,432,978	23,368,444	1,064,534
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,114,065)	(6,276,565)	(1,895,516)	4,381,049
	OTHER FINANCING SOURCES (USES):				
7913	Proceeds of Right-to-Use Lease	-	-	7,177	7,177
8911	Transfers Out (Use)	-	-	(163,004)	(163,004)
7080	Total Other Financing Sources (Uses)	-	-	(155,827)	(155,827)
	EXTRAORDINARY ITEMS:				
8913	Extraordinary Item - (Use)	-	-	(134,476)	(134,476)
1200	Net Change in Fund Balances	(3,114,065)	(6,276,565)	(2,185,819)	4,090,746
0100	Fund Balance - September 1 (Beginning)	41,460,362	41,460,362	41,460,362	-
3000	Fund Balance - August 31 (Ending)	$ 38,346,297	$ 35,183,797	$ 39,274,543	$ 4,090,746

DENVER CITY INDEPENDENT SCHOOL DISTRICT

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

TEACHER RETIREMENT SYSTEM OF TEXAS

FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.007978546%	0.008037199%	0.007729929%
District's Proportionate Share of Net Pension Liability (Asset)	$ 4,736,658	$ 2,046,790	$ 4,139,992
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	9,051,880	3,768,859	8,889,468
Total	$ 13,788,538	$ 5,815,649	$ 13,029,460
District's Covered Payroll	$ 11,605,089	$ 11,345,330	$ 11,099,586
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	40.82%	18.04%	37.30%
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	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year
0.007414088%	0.007513031%	0.008130062%	0.008787654%	0.0077626%	0.0057364%
$ 3,854,075	$ 4,135,354	$ 2,599,556	$ 3,320,724	$ 2,743,976	$ 1,532,271
8,824,921	9,960,311	6,684,668	7,697,643	6,563,672	5,660,095
$ 12,678,996	$ 14,095,665	$ 9,284,224	$ 11,018,367	$ 9,307,648	$ 7,192,366
$ 11,018,112	$ 11,288,047	$ 12,171,729	$ 11,930,433	$ 10,113,116	$ 9,940,929
34.98%	36.63%	21.36%	27.83%	27.13%	15.41%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

DENVER CITY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2023

	2023	2022	2021
Contractually Required Contribution	$ 410,392	$ 383,996	$ 340,774
Contribution in Relation to the Contractually Required Contribution	410,392	383,996	340,774
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 11,309,703	$ 11,605,089	$ 11,345,330
Contributions as a Percentage of Covered Payroll	3.63%	3.31%	3.00%

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
$ 318,976	$ 274,730	$ 258,240	$ 266,455	$ 279,204	$ 229,855
318,976	274,730	258,240	266,455	279,204	229,855
$ -	$ -	$ -	$ -	$ -	$ -
$ 11,099,586	$ 11,018,112	$ 11,288,047	$ 12,171,729	$ 11,930,433	$ 10,113,116
2.87%	2.49%	2.29%	2.19%	2.34%	2.27%

FY 2020 Plan Year	FY 2019 Plan Year	FY 2018 Plan Year
0.014747581%	0.014093934%	0.014773771%
$ 6,974,312	$ 7,037,230	$ 6,424,559
9,267,300	9,709,320	9,306,193
$ 16,241,612	$ 16,746,550	$ 15,730,752
$ 11,018,112	$ 11,288,047	$ 12,171,729
63.30%	62.34%	52.78%
2.66%	1.57%	0.91%

DENVER CITY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.012946757%	0.012826872%	0.01340561%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 3,099,972	$ 4,947,898	$ 5,096,078
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	3,781,479	6,629,080	6,847,907
Total	$ 6,881,451	$ 11,576,978	$ 11,943,985
District's Covered Payroll	$ 11,605,089	$ 11,345,330	$ 11,099,586
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	26.71%	43.61%	45.91%
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.

	2020	2019	2018
	$ 101,902	$ 89,152	$ 91,877
	101,902	89,152	91,877
	$ -	$ -	$ -
	$ 11,099,586	$ 11,018,112	$ 11,288,047
	0.92%	0.81%	0.81%

A. NOTES TO SCHEDULES FOR THE TEACHER RETIREMENT SYSTEM PENSION

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

Changes of Assumptions
There was a change in the actuarial assumptions. The primary change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

B. NOTES TO THE SCHEDULES FOR THE TEACHER RETIREMENT SYSTEM OTHER POST-EMPLOYMENT BENEFIT PLAN

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

Changes in Assumptions
The single 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.

Lower participation rates and updates to health care trend rate assumptions were also factors that decreased the total OPEB liability.

COMBINING SCHEDULES

Nonmajor Governmental Funds

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program
	ASSETS			
1110	Cash and Cash Equivalents	$ -	$ -	$ -
1120	Investments - Current	-	-	-
1240	Due from Other Governments	49,853	51,619	46,855
1260	Due from Other Funds	-	-	235
1410	Prepayments	-	-	-
1000	Total Assets	$ 49,853	$ 51,619	$ 47,090
	LIABILITIES			
2110	Accounts Payable	$ -	$ -	$ -
2160	Accrued Wages Payable	27,287	26,720	26,361
2170	Due to Other Funds	22,566	24,899	20,729
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	49,853	51,619	47,090
	FUND BALANCES			
3600	Unassigned Fund Balance	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities and Fund Balances	$ 49,853	$ 51,619	$ 47,090

242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	4,210	677,478	1,108,100	16,355	-	2,825
-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,560	-
$ -	$ -	$ 4,210	$ 677,478	$ 1,108,100	$ 16,355	$ 9,560	$ 2,825
$ -	$ -	$ -	$ 407,311	$ -	$ -	$ -	$ -
-	-	2,265	-	18,028	-	-	-
-	-	1,945	230,939	1,090,072	16,355	9,560	2,825
-	-	-	39,228	-	-	-	-
-	-	4,210	677,478	1,108,100	16,355	9,560	2,825
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ 4,210	$ 677,478	$ 1,108,100	$ 16,355	$ 9,560	$ 2,825

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

Data Control Codes		410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ 350	$ 119,161	$ 119,511
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	245,368	-	-	2,202,663
1260	Due from Other Funds	-	-	2,100	2,335
1410	Prepayments	-	-	-	9,560
1000	Total Assets	$ 245,368	$ 350	$ 121,261	$ 2,334,069
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ 407,311
2160	Accrued Wages Payable	-	-	-	100,661
2170	Due to Other Funds	245,368	-	235	1,665,493
2300	Unearned Revenue	-	350	-	39,578
2000	Total Liabilities	245,368	350	235	2,213,043
	FUND BALANCES				
3600	Unassigned Fund Balance	-	-	121,026	121,026
3000	Total Fund Balances	-	-	121,026	121,026
4000	Total Liabilities and Fund Balances	$ 245,368	$ 350	$ 121,261	$ 2,334,069

699 Capital Projects Fund	Total Nonmajor Governmental Funds
$ -	$ 119,511
14	14
-	2,202,663
-	2,335
-	9,560
$ 14	$ 2,334,083
$ -	$ 407,311
-	100,661
14	1,665,507
-	39,578
14	2,213,057
-	121,026
-	121,026
$ 14	$ 2,334,083

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program
	REVENUES:			
5700	Total Local and Intermediate Sources	$ -	$ -	$ 96,051
5800	State Program Revenues	-	-	13,664
5900	Federal Program Revenues	284,793	195,730	792,775
5020	Total Revenues	284,793	195,730	902,490
	EXPENDITURES:			
	Current:			
0011	Instruction	249,789	36,861	-
0013	Curriculum and Instructional Staff Development	33,804	-	-
0021	Instructional Leadership	-	16,951	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	141,918	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	1,053,200
0036	Extracurricular Activities	-	-	-
0053	Data Processing Services	1,200	-	-
6030	Total Expenditures	284,793	195,730	1,053,200
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(150,710)
	OTHER FINANCING SOURCES (USES):			
7915	Transfers In	-	-	150,710
8911	Transfers Out (Use)	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	150,710
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -

242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
21,812	47,616	29,139	638,249	47,594	16,355	16,031	17,273
21,812	47,616	29,139	638,249	47,594	16,355	16,031	17,273
-	-	28,839	638,249	47,594	16,355	4,281	17,273
-	47,616	300	-	-	-	11,750	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
34,106	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
34,106	47,616	29,139	638,249	47,594	16,355	16,031	17,273
(12,294)	-	-	-	-	-	-	-
12,294	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,294	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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

Data Control Codes		410 State Instructional Materials	429 Other State Special Revenue Funds	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ 230,366	$ 326,417
5800	State Program Revenues	104,780	-	-	118,444
5900	Federal Program Revenues	-	-	-	2,107,367
5020	Total Revenues	104,780	-	230,366	2,552,228
	EXPENDITURES:				
	Current:				
0011	Instruction	104,780	-	-	1,144,021
0013	Curriculum and Instructional Staff Development	-	-	-	93,470
0021	Instructional Leadership	-	-	-	16,951
0023	School Leadership	-	-	22,958	22,958
0031	Guidance, Counseling, and Evaluation Services	-	-	1,148	143,066
0034	Student (Pupil) Transportation	-	-	758	758
0035	Food Services	-	-	-	1,087,306
0036	Extracurricular Activities	-	-	194,183	194,183
0053	Data Processing Services	-	-	-	1,200
6030	Total Expenditures	104,780	-	219,047	2,703,913
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	11,319	(151,685)
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-	163,004
8911	Transfers Out (Use)	-	-	(153,244)	(153,244)
7080	Total Other Financing Sources (Uses)	-	-	(153,244)	9,760
1200	Net Change in Fund Balance	-	-	(141,925)	(141,925)
0100	Fund Balance - September 1 (Beginning)	-	-	262,951	262,951
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ 121,026	$ 121,026

699 Capital Projects Fund	Total Nonmajor Governmental Funds
$ -	$ 326,417
-	118,444
-	2,107,367
-	2,552,228
-	1,144,021
-	93,470
-	16,951
-	22,958
-	143,066
-	758
-	1,087,306
-	194,183
-	1,200
-	2,703,913
-	(151,685)
-	163,004
-	(153,244)
-	9,760
-	(141,925)
-	262,951
$ -	$ 121,026

REQUIRED TEA SCHEDULES

Schedule of Delinquent Taxes Receivable

Budgetary Comparison – Child Nutrition Fund

Budgetary Comparison – Debt Service Fund

State Compensatory Education and Bilingual Education Program Expenditures

DENVER CITY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2014	and prior years	$ 1.040000	$ 0.21330	$ 3,001,983,324
2015		1.040000	0.21330	3,087,613,580
2016		1.040000	0.21330	1,987,070,773
2017		1.040000	0.21330	1,238,730,950
2018		1.040000	0.21330	1,346,223,091
2019		1.040000	0.28000	1,344,110,455
2020		0.970000	0.31200	1,499,987,832
2021		0.966400	0.38360	1,221,189,926
2022		0.963400	0.39660	913,320,147
2023	(School year under audit)	0.974600	0.38540	1,624,822,965
1000	TOTALS			

8000 Total Taxes Refunded Under Section 26.115, Tax Code

(10) Beginning Balance 9/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2023
$ 15,326	$ -	$ 2,430	$ -	$ 351	$ 13,247
3,459	-	188	39	(34)	3,198
5,176	-	313	64	(140)	4,659
13,021	-	1,131	232	(580)	11,078
19,832	-	1,091	224	(840)	17,677
18,818	-	2,633	709	(27)	15,449
28,709	-	4,515	1,452	(302)	22,440
142,181	-	79,542	31,573	(412)	30,654
191,172	-	81,106	32,148	(7,878)	70,040
-	22,097,592	15,662,975	6,191,793	(70,237)	172,587
$ 437,694	$ 22,097,592	$ 15,835,924	$ 6,258,234	$ (80,099)	$ 361,029
		$ 29,143			

EXHIBIT J-2

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 85,000	$ 85,000	$ 96,051	$ 11,051
5800	State Program Revenues	3,000	3,000	13,664	10,664
5900	Federal Program Revenues	510,000	510,000	792,775	282,775
5020	Total Revenues	598,000	598,000	902,490	304,490
	EXPENDITURES:				
	Current:				
0035	Food Services	1,308,603	1,308,603	1,053,200	255,403
6030	Total Expenditures	1,308,603	1,308,603	1,053,200	255,403
1100	Excess (Deficiency) of Revenues Over Expenditures	(710,603)	(710,603)	(150,710)	559,893
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	150,710	150,710
1200	Net Change in Fund Balances	(710,603)	(710,603)	-	710,603
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ (710,603)	$ (710,603)	$ -	$ 710,603

EXHIBIT J-3

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 6,294,902	$ 6,294,902	$ 6,380,456	$ 85,554
5800	State Program Revenues	-	-	88,217	88,217
5020	Total Revenues	6,294,902	6,294,902	6,468,673	173,771
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Liabilities	1,730,000	1,730,000	1,730,000	-
0072	Interest on Long-Term Liabilities	4,388,262	4,388,262	2,689,263	1,698,999
0073	Bond Issuance Cost and Fees	1,000	1,000	1,000	-
6030	Total Expenditures	6,119,262	6,119,262	4,420,263	1,698,999
1200	Net Change in Fund Balances	175,640	175,640	2,048,410	1,872,770
0100	Fund Balance - September 1 (Beginning)	127,237	127,237	127,237	-
3000	Fund Balance - August 31 (Ending)	$ 302,877	$ 302,877	$ 2,175,647	$ 1,872,770

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

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$1,354,735
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	$600,492

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.	$183,511
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	$163,268

OVERALL COMPLIANCE, INTERNAL CONTROL AND FEDERAL AWARDS SECTION

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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*

Board of School Trustees
Denver City Independent School District
501 Mustang Avenue
Denver City, Texas 79323

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Denver City Independent School District, Denver City, Texas, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Denver City Independent School District's basic financial statements, and have issued our report thereon dated February 21,2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Denver City Independent School District's internal control over financial reporting (internal control) to determine the 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Denver City Independent School District's internal control.

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

Our consideration of internal control over financial reporting 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-2, 2023-3 and 2023-4 that we considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Denver City Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard,* which are described in the accompanying schedule of findings and questioned costs as item 2023-1.

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.

Bennett Bennett & Trice

Bennett Bennett & Trice, PLLC
Lamesa, Texas

February 21, 2024

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

Board of School Trustees
Denver City Independent School District
501 Mustang Avenue
Denver City, Texas 79323

Report on Compliance for Each Major Fund

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Denver City Independent School 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 Denver City Independent School 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 Denver City Independent School District's federal programs.

Auditors' Responsibility for 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 Denver City Independentt School 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 Denver City Independent School 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 Denver City Independent School 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 Denver City Independent School 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we considered to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned cost as items 2023-2, 2023-3 and 2023-4 to be material weaknesses.

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 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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit. Denver City Independent School District's response was not subjected to the other audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bennett Bennett & Trice

Bennett Bennett & Trice, PLLC
Lames, Texas

February 21, 2024

DENVER CITY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2023

A. SECTION I – SUMMARY OF AUDITORS' RESULTS

1. Financial Statements

Type of auditor's report issued	**Unmodified**	
Internal control over financial reporting:		
Material weakness(es) identified?	X yes	___ no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	X none reported
Noncompliance material to financial statements noted?	X yes	___ no

2. Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	X yes	___ no
Significant deficiencies identified that are not considered to be material weaknesses?	___ yes	X none reported
Type of auditor's report issued on compliance for major programs.	**Unmodified**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance?	X yes	___ no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
Child Nutrition	
10.553	School Breakfast Progam
10.555	National School Lunch Program
10.559	Summer Feeding
84.365A	Title III, Part A - English Language Acquisition

Dollar threshold used to distinguish between type A and type B federal programs:	$750,000	
Auditee qualified as low-risk auditee?	___ yes	X no

B. SECTION II- FINDINGS - FINANCIAL STATEMENT AUDIT

2023-1 Over expenditure of budget line

Condition: Annual expenditures exceeded the budget amount in Function 31 – Guidance, Counseling, and Evaluation Services by $92,177, Function 41 – General Administration by $5,726, Function 51 – Facilities, Maintenance and Operations by $29,409 the General Fund and 71- Debt Service by $37,314.

Criteria: As per Texas Education Agency 2022 Financial Accountability System Resource Guide (FAR) Module 1, Section 1.1.3 Budget Requirements, a school district's budget must be itemized according to the classification and purpose of the expenditure.

Cause: In Function 35 – expenditures were in excess of the budget and the budget was not amended.

Effect: The District was over expended in these specific functions, but the total expenditures in all functions were under the total budgeted amount for all functions for the General Fund.

Recommendations: Procedures should be implemented to amend the budget for possible year-end adjustments.

C. SECTION III – FINDINGS QUESTIONED COST RELATED TO THE FEDERAL AWARDS

The audit disclosed no findings required to be reported.

A. FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE

Material Weakness:

2023-2 Oversight Responsibilities and Enforcement of Accountability

Criteria: Management should establish oversight responsibilities and enforce accountability for internal control procedures.

Condition: There was a lack of clear responsibilities for oversight and ensuring that personnel are accountable for their internal control duties for most of the year. New personnel took over in July of 2023 and worked to get things back in control.

Effect: Accounting processes can be performed incorrectly or not be performed entirely.

Cause: Management being overwhelmed and not in control for the first 10 months of the year.

Recommendation: New CFO and Superintendent have been hired and should be providing oversight of the internal control structure and hold personnel responsible3 for their duties.

Management response/corrective action plan: See page 79.

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED AUGUST 31, 2023

B. FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE

2023-3: Monitoring

Criteria: Management should establish monitoring activities to monitor internal control systems and evaluate results.

Condition: Management failed to monitor certain functions within the internal control system for the first ten months of the year.

Effect: Oversight was not provided and this resulted in bank reconciliations not done being completed in a timely manner.

Cause: Management being overwhelmed and not in control for the first 10 months of the year.

Recommendation: The CFO should have processes for monitoring internal controls and provide training to personnel as needed:

Management response/corrective action plan: See page 79.

2023-4: Reconciliation of cash acccounts

Condition: Our testing in the area of cash disclosed that monthly reconciliations were not being performed accurately or timely for most of the year. The new personnel work diligently to get the bank accounts reconciled and up to date with the help of the Service Center. There were still unreconciled balances that were not identified.

Effect: Accounting processes can be performed incorrectly or not be performed entirely.

Recommendation: New CFO and Superintendent have been hired and together are working diligently to get a starting point on the bank account and work forward. We recommend the District provide personnel training and processes to verify that all l accounts are reconciled to the general ledger monthly, and those reconciliations are properly reviewed and approved.

Management response/corrective action plan: See page 79.

C. STATUS OF PRIOR YEAR'S FINDINGS/COMPLIANCE

The findings from the prior year audit continued into the new year. The current year findings 2-4 were a continuation from the prior year. The prior audit report was not delivered until May of 2023, during the 9th month of the fiscal year. After the findings were reported, new personnel was hired both in the business office and the superintendent's office.

E. CORRECTIVE ACTION PLAN

The person responsible for corrective action is Rick Martinez, Superintendent. Procedures have been implemented to assure the District has no significant deficiencies in internal controls or noncompliance in the future. The District has hired new personnel in key areas and have sought outside help from the Region Service Center.

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101251901	$ 257,507
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101251901	27,286
Total Assistance Listing Number 84.010			284,793
*IDEA - Part B, Formula	84.027A	236600012519016600	169,010
*IDEA - Part B, Formula	84.027A	236600012519016600	26,720
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	225350022519015350	16,355
Total Assistance Listing Number 84.027			212,085
Total Special Education Cluster (IDEA)			212,085
SSA - Career and Technical - Basic Grant	84.048A	23420006251901	14,448
SSA - Career and Technical - Basic Grant	84.048A	24420006251901	2,825
Total Assistance Listing Number 84.048			17,273
Title IV, Part A, Subpart 1 - Support and Academic Enrichment	84.424A	23680101251901	16,031
Title III, Part A - English Language Acquisition	84.365A	23671001251901	26,875
Title III, Part A - English Language Acquisition	84.365A	24671001251901	2,264
Total Assistance Listing Number 84.365			29,139
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	236945012351901	47,616
COVID 19 - ESSER II - School Emergency Relief	84.425D	21521001251901	638,249
COVID 19 - ESSER III - School Emergengy Relief	84.425D	2152800101251901	47,594
Total Assistance Listing Number 84.425			685,843
Total Passed Through Texas Education Agency			1,292,780
TOTAL U.S. DEPARTMENT OF EDUCATION			1,292,780
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Department of Agriculture			
*School Breakfast Program	10.553	71402301	112,598
*National School Lunch Program - Cash Assistance	10.555	71302301	581,524
*National School Lunch Prog. - Non-Cash Assistance	10.555		98,653
Total Assistance Listing Number 10.555			680,177
*Summer Feeding Program - Cash Assistance	10.559		21,812
Total Child Nutrition Cluster			814,587
Total Passed Through the Texas Department of Agriculture			814,587
TOTAL U.S. DEPARTMENT OF AGRICULTURE			814,587
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,107,367

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

DENVER CITY INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures included on the Schedule of Expenditures of Federal Awards (the Schedule) are presented on the modified accrual basis of accounting, with the exception of the National School Lunch Program, National School Breakfast Program and the Food Distribution Program (Non-Cash Assistance). Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program, National School Breakfast Program and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the accompanying Schedule in an amount equal to revenue for balancing purposes only. The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as due to other governments until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors may require the District to refund all or part of the unused amount.

Denver City Independent School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

B. BASIS OF PRESENTATION

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

C. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Denver City Independent School District provided no federal awards to subrecipients.

D. RECONCILIATION INFORMATION

Amount reported on the Schedule of Expenditures of Federal Awards	$	2,107,367
SHARS Revenue reported in the General Fund		398,836
Federal Program Revenue Reported on Exhibit C-3	$	2,506,203