

**BORGER INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2023**

**Brown, Graham & Company, P.C.**  
**7431 Continental Parkway**  
**Amarillo, Texas 79119**  
**(806)355-8241**

**BORGER INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2023**

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## CERTIFICATE OF BOARD

**BORGER INDEPENDENT SCHOOL DISTRICT**

Name of School District


**HUTCHINSON**

County

**117-901**

Co-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)   X   approved        disapproved for the year ended August 31, 2023, at a meeting of the board of trustees of such school district on the   14th   day of December, 2023.

  
Signature Board Secretary

  
Signature of Board President



# **BROWN, GRAHAM & COMPANY, P.C.**

**Certified Public Accountants**

PO Box 20210 · Amarillo, Texas 79114

7431 Continental Pkwy · Amarillo, Texas 79119

(806) 355-8241 · Fax (806) 355-6415

## **UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS, WITH REQUIRED SUPPLEMENTARY INFORMATION, SUPPLEMENTARY INFORMATION INCLUDING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER INFORMATION**

### **Independent Auditor's Report**

**Board of Trustees  
Borger Independent School District  
Borger, Texas**

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

#### ***Opinions***

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Borger 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

***Auditor's 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 11, the budgetary comparison information on page 71, and the pension and OPEB schedules and related notes on pages 72 through 80, 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 non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a part of the basic financial statements. The required Texas Education Agency ("TEA") schedules listed in the table of contents are likewise presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, such information is 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 December 14, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

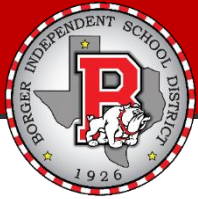
***Brown, Graham & Company, P.C.***

Amarillo, Texas  
December 14, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# Borger Independent School District



200 East Ninth, Borger, TX 79007 [www.borgerisd.net](http://www.borgerisd.net) 806-273-1016 Fax 806-273-4341

Big Opportunities — Small School Setting

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED AUGUST 31, 2023

In this section of the Annual Financial Report, we, the administrators of Borger Independent School District (the "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 auditor's report and the District's financial statements.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (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 and 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 (Exhibits C-1 to C-4) 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 fiduciary statements (Exhibits E-1 and E-2) provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

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.

The combining statements for non-major funds (Exhibits H-1 and H-2) contain even more information about the District's individual funds. These are not required by the Texas Education Agency (the "TEA"). The sections labeled Required TEA Schedules and Reports on Compliance, Internal Controls and Federal Awards contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

### Reporting the District as a Whole

#### *The Statement of Net Position and the Statement of Activities*

The primary analysis of the District's overall financial condition and operations begins at Exhibit A-1. The purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of August 31, 2023, while the Statement of Activities on Exhibit B-1 includes all the revenues and expenses generated by the District's operations during the fiscal year ended August 31, 2023. These financial statements are prepared using the accrual basis of accounting which is the basis used by private sector companies.

It is the policy of Borger ISD not to discriminate on the basis of age, race, religion, color, national origin, sex or handicap in its programs, services or activities as required by Title VI of the Civil Rights Act of 1964, as amended; Title IX of the Education Amendments of 1972; and Section 504 of the Rehabilitation Act of 1973, as amended. Inquiries regarding compliance and/or grievance procedures may be directed to the school district's Title IX officer, Michael Cano, 200 East Ninth, Borger, TX, 79007, (806) 273-1006 and/or Section 504/ADA Coordinator, Amy Blansett, 200 East Ninth, Borger, TX 79007, (806) 273-1016.

Es la política de Borger ISD de no discriminar por motivos de raza, edad, religión, color, origen nacional, sexo o impedimento en sus programas, servicios o actividades según requerido por el Título VI de la Ley de Derechos Civiles de 1964, según enmienda; el Título IX de las Enmiendas de Educación de 1972; y la Sección 504 de la Ley de Rehabilitación de 1973, según enmienda. Preguntas con respecto al cumplimiento y/o procedimientos de queja pueden ser dirigidas al oficial del Título IX, Michael Cano, 200 East Ninth, Borger, TX, 79007, (806) 273-1006 y/o al Coordinador de la Sección 504/ADA del distrito escolar, Amy Blansett, 200 East Ninth, Borger, TX 79007, (806) 273-1016.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current 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 net position. The District's net position (the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

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

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

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin at Exhibit C-1 and 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 the Elementary and Secondary Education Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds, governmental and fiduciary, use different accounting approaches.

- Governmental funds - Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and 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. The financial statements for the governmental funds and the reconciliation schedules can be found on Exhibits C-1 through C-4.
- Fiduciary funds - The District uses fiduciary funds to account for the resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary funds use the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period when they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. The financial statements for the fiduciary funds can be found on Exhibits E-1 and E-2.

## The District as Trustee

### *Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or fiduciary, for money raised by student activities including a few scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on Exhibit 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 from \$7,459,113 to \$10,458,247. The District's total assets had an increase of \$100,157. The District's long-term liabilities decreased by \$43,200. Unrestricted net position – the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$8,316,929) on August 31, 2023.

**TABLE I**  
**NET POSITION**

	<b>Governmental Activities 2023</b>	<b>Governmental Activities 2022</b>
Current and other assets	\$ 13,889,797	\$ 12,499,877
Capital assets	79,509,220	80,798,983
Total assets	<u>93,399,017</u>	<u>93,298,860</u>
Deferred outflows of resources	<u>5,135,442</u>	<u>3,998,430</u>
Other liabilities	2,156,648	2,665,663
Long-term liabilities	77,252,400	77,295,600
Total liabilities	<u>79,409,048</u>	<u>79,961,263</u>
Deferred inflows of resources	<u>8,667,164</u>	<u>9,876,914</u>
Net position:		
Net investment in capital assets	15,625,132	14,689,001
Restricted net position	3,150,044	2,685,969
Unrestricted net position	(8,316,929)	(9,915,857)
Total net position	<u><u>\$ 10,458,247</u></u>	<u><u>\$ 7,459,113</u></u>

**TABLE II**  
**CHANGES IN NET POSITION**

	<b>Governmental Activities 2023</b>	<b>Governmental Activities 2022</b>
Revenues:		
Program Revenues:		
Charges for services	\$ 2,026,135	\$ 1,815,609
Operating grants and contributions	6,616,599	6,298,500
Capital grants and contributions	1,002,386	-
General Revenues:		
Maintenance and operation taxes	6,181,334	5,696,553
Debt service taxes	4,745,212	3,880,722
State aid - formula grants	15,541,124	15,518,045
Investment earnings	646,500	69,162
Miscellaneous	1,554,161	589,800
Special item - (Use)	-	(607,767)
Total revenues	<u>38,313,451</u>	<u>33,260,624</u>
Expenses:		
Instruction, curriculum and media services	17,675,349	16,794,511
Instructional and school leadership	1,460,699	1,138,343
Student support services	1,655,615	1,494,162
Transportation	704,830	652,775
Food services	1,156,396	1,148,710
Extracurricular activities	1,484,896	1,544,218
General administration	1,192,465	1,279,465
Facilities maintenance, security, and data processing	4,224,741	3,376,035
Community services	47,181	20,384
Debt service	2,412,628	2,437,420
Payments related to shared service arrangements	3,141,099	2,469,489
Other intergovernmental charges	158,418	156,042
Total expenses	<u>35,314,317</u>	<u>32,511,554</u>
Change in net position	2,999,134	749,070
Net position at beginning of year	7,459,113	6,710,043
Net position at end of year	<u>\$ 10,458,247</u>	<u>\$ 7,459,113</u>

The cost of all governmental activities this year was \$35,314,317 compared to \$32,551,554 last year. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through taxes was \$10,926,546. Some of the costs, \$2,026,135, were paid by those who directly benefited from the programs. Other governments and organizations subsidized certain programs in the amount of \$7,618,985, and state equalization funding provided \$15,541,124 to be used to support the District's operations. The District decreased the tax rate for maintenance and operations from the prior year; however, overall tax revenues increased by \$1,349,271 from the prior year. This is the result of the impact of the limited assessed valuation agreement disclosed in Note II(X). The District's miscellaneous and investment revenues increased by \$1,541,699 from the prior year.

Included in miscellaneous revenue, the District received a \$1,125,724 payment under a limited assessed valuation agreement in the current year compared to the prior year in which a \$270,223 payment was received. More information on this agreement can be found in Note II(X) in the notes to the financial statements.

## **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the Balance Sheet – Governmental Funds on Exhibit C-1) reported a combined fund balance of \$11,304,212, which is an increase of \$1,885,746 from last year's total fund balance of \$9,418,466. Included in this year's total change in fund balance are an increase of \$1,374,262 in the District's General Fund, an increase of \$1,012,546 in the District's Debt Service Fund, and an overall decrease in the non-major governmental funds of \$501,062. Most of the increase in the District's governmental fund balance was due to increased property tax collections in the current fiscal year. The District's General Fund revenues were \$957,056 higher than in the prior year with most of the increase being due to increased property tax collections. The District's General Fund expenditures increased by \$1,316,411 from the prior year, with most of the increase being in the instruction and facilities maintenance categories.

The Board of Trustees revised the budget for the District's General Fund several times during the fiscal year. These amendments included adjustments among functions; to increase budgeted expenditures for various categories. The overall amendments to the expenditures increased the overall expenditures budgeted compared to what was estimated in the originally adopted budget by \$1,082,656 with most of the increase being in the instruction and facilities maintenance categories.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2023, the District had \$79,509,220 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance, net of accumulated depreciation. The District acquired capital assets in the amount of \$1,331,846 and recorded \$2,621,609 in depreciation expense during the year. The District has accumulated \$534,136 in expenditures reported as construction in progress as of August 31, 2023 as discussed in more detail in Notes II(G) and II(Z) to the financial statements.

### **Debt**

At year-end, the District had \$60,666,811 in bonds outstanding versus \$62,241,811 last year – a decrease of \$1,575,000 or 2.53%. The decrease was attributable to the current year's principal payments on bonds. More information on the District's long-term debt can be found in Note II(H) to the financial statements.

### **Pension Accounting and Reporting**

During previous years the District implemented GASB Statement Numbers 68, 71 and 75. These GASB statements significantly changed how governmental entities account for and report pension and other post-employment ("OPEB") activity. Notes II(K) and II(M) in the notes to the financial statements have a detail discussion of how these GASB Statements impact the District's financial statements for the year ended August 31, 2023.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal year 2024 budget and tax rates. Changes implemented under current legislation remain a major consideration due to the restrictions on the use of funds, as well as the uncertainty of future formulas used for state funding. In addition, the current status of the national economy with fluctuations in interest rates and increased prices for goods or services, along with the sluggish local economy were also considered. The District's population growth remained flat during 2022-2023 and is expected to continue for 2023-2024.

The maintenance and operations tax rate was decreased to \$0.6692 per \$100 valuation and the interest and sinking tax rate remained the same at \$0.4129 per \$100 valuation. These indicators were taken into account when adopting the General Fund budget for 2024. Amounts available for appropriation in the General Fund are \$24,508,068, an increase of \$445,214 from the final 2023 actual revenues of \$24,062,854. Property tax, state payments, and grant revenues account for 99% of the total revenue. The District will use its revenues to finance programs we currently offer. The District has not added any major new programs or initiatives to the 2024 budget. Budgeted expenditures for 2024 are expected to be \$24,508,068, which is \$899,618 greater than the \$23,608,450 of actual expenditures for 2023. If these estimates are realized, the District's budgetary General Fund balance is expected to remain stable by the close of 2024. More importantly, however, this will have been accomplished in spite of unfunded mandates.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Borger Independent School District, P.O. Box 1177, Borger, Texas 79008-1177.

***Borger Independent School District***

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

BORGER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2023

EXHIBIT A-1

Data Control Codes	Primary Government  Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 11,871,946
1220 Property Taxes - Delinquent	943,595
1230 Allowance for Uncollectible Taxes	(405,745)
1240 Due from Other Governments	1,149,508
1267 Due from Fiduciary Funds	8
1290 Other Receivables, Net	36,329
1300 Inventories	236,355
1410 Prepayments	57,801
Capital Assets:	
1510 Land	334,576
1520 Buildings, Net	77,378,756
1530 Furniture and Equipment, Net	597,701
1540 Vehicles, Net	664,051
1580 Construction in Progress	534,136
1000 Total Assets	<u>93,399,017</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701 Deferred Charge for Refunding	573,204
1705 Deferred Outflow Related to TRS Pension	3,177,438
1706 Deferred Outflow Related to TRS OPEB	1,384,800
1700 Total Deferred Outflows of Resources	<u>5,135,442</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	21,132
2140 Interest Payable	108,913
2150 Payroll Deductions and Withholdings	218,337
2160 Accrued Wages Payable	1,176,486
2177 Due to Fiduciary Funds	3,326
2180 Due to Other Governments	508,152
2200 Accrued Expenses	43,066
2300 Unearned Revenue	77,236
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	1,630,000
Due in More than One Year:	
2502 Bonds, Notes, Loans, Leases, etc.	63,362,092
2540 Net Pension Liability (District's Share)	7,682,196
2545 Net OPEB Liability (District's Share)	4,578,112
2000 Total Liabilities	<u>79,409,048</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605 Deferred Inflow Related to TRS Pension	1,002,441
2606 Deferred Inflow Related to TRS OPEB	7,664,723
2600 Total Deferred Inflows of Resources	<u>8,667,164</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	15,625,132
Restricted:	
3820 Restricted for Federal and State Programs	1,090,299
3850 Restricted for Debt Service	2,059,745
3900 Unrestricted	(8,316,929)
3000 Total Net Position	<u>\$ 10,458,247</u>

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



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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 16,737,128	\$ 872,825	\$ 3,014,256
12 Instructional Resources and Media Services	363,212	5,510	13,456
13 Curriculum and Instructional Staff Development	575,009	130,658	16,765
21 Instructional Leadership	143,109	-	47,486
23 School Leadership	1,317,590	-	52,797
31 Guidance, Counseling, and Evaluation Services	1,235,709	685,955	49,179
32 Social Work Services	58,015	-	33,497
33 Health Services	361,891	-	51,606
34 Student (Pupil) Transportation	704,830	-	61,340
35 Food Services	1,156,396	196,253	908,382
36 Extracurricular Activities	1,484,896	103,429	62,069
41 General Administration	1,192,465	16,332	25,672
51 Facilities Maintenance and Operations	3,473,341	15,173	297,427
52 Security and Monitoring Services	144,663	-	46,524
53 Data Processing Services	606,737	-	9,824
61 Community Services	47,181	-	333
72 Debt Service - Interest on Long-Term Debt	2,392,807	-	-
73 Debt Service - Bond Issuance Cost and Fees	19,821	-	-
93 Payments Related to Shared Services Arrangements	3,141,099	-	1,925,986
99 Other Intergovernmental Charges	158,418	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 35,314,317</u>	<u>\$ 2,026,135</u>	<u>\$ 6,616,599</u>

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
5		6	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(12,850,047)
	-		(344,246)
	-		(427,586)
	-		(95,623)
	-		(1,264,793)
	-		(500,575)
	-		(24,518)
	-		(310,285)
	-		(643,490)
	-		(51,761)
	-		(1,319,398)
	-		(1,150,461)
	972,781		(2,187,960)
	29,605		(68,534)
	-		(596,913)
	-		(46,848)
	-		(2,392,807)
	-		(19,821)
	-		(1,215,113)
	-		(158,418)
\$	1,002,386		(25,669,197)

6,181,334	
4,745,212	
15,541,124	
646,500	
1,554,161	
28,668,331	
2,999,134	
7,459,113	
\$	10,458,247

## **FUND FINANCIAL STATEMENTS**

BORGER INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2023

Data Control Codes	10 General Fund	20 SSA - IDEA Part B, Formula	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 8,350,396	\$ -	\$ 2,483,615
1220 Property Taxes - Delinquent	673,396	-	270,199
1230 Allowance for Uncollectible Taxes	(289,560)	-	(116,185)
1240 Due from Other Governments	31,249	579,058	14,403
1260 Due from Other Funds	838,320	-	135,175
1290 Other Receivables	55	36,187	-
1300 Inventories	206,182	-	-
1410 Prepayments	57,801	-	-
1000 Total Assets	<u>\$ 9,867,839</u>	<u>\$ 615,245</u>	<u>\$ 2,787,207</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 10,867	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	218,337	-	-
2160 Accrued Wages Payable	951,789	-	-
2170 Due to Other Funds	413,052	466,048	-
2180 Due to Other Governments	262,464	149,197	83,749
2200 Accrued Expenditures	31,085	-	-
2300 Unearned Revenue	4,525	-	-
2000 Total Liabilities	<u>1,892,119</u>	<u>615,245</u>	<u>83,749</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	383,836	-	154,014
2600 Total Deferred Inflows of Resources	<u>383,836</u>	<u>-</u>	<u>154,014</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	206,182	-	-
3430 Prepaid Items	57,801	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	-	2,549,444
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	7,327,901	-	-
3000 Total Fund Balances	<u>7,591,884</u>	<u>-</u>	<u>2,549,444</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 9,867,839</u>	<u>\$ 615,245</u>	<u>\$ 2,787,207</u>

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

60 Capital Projects		Other Funds	Total Governmental Funds
\$	43	\$ 1,037,892	\$ 11,871,946
	-	-	943,595
	-	-	(405,745)
	-	524,798	1,149,508
	-	277,877	1,251,372
	-	87	36,329
	-	30,173	236,355
	-	-	57,801
\$	43	\$ 1,870,827	\$ 15,141,161
\$	-	\$ 10,265	\$ 21,132
	-	-	218,337
	-	224,697	1,176,486
	43	375,547	1,254,690
	-	12,742	508,152
	-	11,981	43,066
	-	72,711	77,236
	43	707,943	3,299,099
	-	-	537,850
	-	-	537,850
	-	30,173	236,355
	-	-	57,801
	-	1,060,126	1,060,126
	-	-	2,549,444
	-	72,585	72,585
	-	-	7,327,901
	-	1,162,884	11,304,212
\$	43	\$ 1,870,827	\$ 15,141,161

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 11,304,212</b>
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 \$107,808,743 and the accumulated depreciation was \$27,009,760. In addition, long-term liabilities, including bonds payable of \$62,241,811, unamortized bond premiums of \$4,118,043, unamortized deferred charges on bond refundings of \$680,060, and accumulated accreted interest on capital appreciation bonds of \$430,188, 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 is to increase net position.	14,689,001
2 Current year capital outlays of \$1,331,846 and long-term debt principal payments of \$1,575,000 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 increase net position.	2,906,846
3 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. At the beginning of the year, the net position related to TRS was a deferred resource outflow in the amount of \$1,762,273, a deferred resource inflow in the amount of \$3,993,536 and a net pension liability in the amount of \$3,166,344. The impact of this on net position is a decrease of \$5,397,607. Changes from the current year reporting of the TRS plan resulted in a decrease in net position in the amount of \$109,592. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position is a decrease in the amount of \$5,507,199.	(5,507,199)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the beginning of the year, the net position related to TRS-Care was a deferred resource outflow in the amount of \$1,556,097, a deferred resource inflow of \$5,883,378, and a net OPEB liability in the amount of \$7,339,214. The impact of this on net position was a decrease of \$11,666,495. Changes from the current year reporting of the TRS-Care plan resulted in an increase in net position in the amount of \$808,460. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of a decrease of \$10,858,035.	(10,858,035)
5 The 2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,621,609)
6 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 in the amount of \$537,850 and recognizing the liabilities associated with maturing long-term debt and interest in the amount of \$7,181. The net effect of these reclassifications and recognitions is to increase net position.	545,031
<b>19 Net Position of Governmental Activities</b>	<b>\$ 10,458,247</b>

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

BORGER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	20 SSA - IDEA Part B, Formula	50 Debt Service Fund
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 7,159,632	\$ -	\$ 4,945,184
5800 State Program Revenues	16,664,056	-	173,421
5900 Federal Program Revenues	239,166	1,221,540	-
5020 Total Revenues	24,062,854	1,221,540	5,118,605
EXPENDITURES:			
Current:			
0011 Instruction	12,872,083	-	-
0012 Instructional Resources and Media Services	331,489	-	-
0013 Curriculum and Instructional Staff Development	407,798	-	-
0021 Instructional Leadership	90,682	-	-
0023 School Leadership	1,261,842	-	-
0031 Guidance, Counseling, and Evaluation Services	462,320	-	-
0032 Social Work Services	26,710	-	-
0033 Health Services	310,630	-	-
0034 Student (Pupil) Transportation	663,441	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,405,117	-	-
0041 General Administration	1,123,266	-	-
0051 Facilities Maintenance and Operations	3,030,703	-	-
0052 Security and Monitoring Services	88,818	-	-
0053 Data Processing Services	568,830	-	-
0061 Community Services	50,936	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	-	1,575,000
0072 Interest on Long-Term Liabilities	-	-	2,511,238
0073 Bond Issuance Cost and Fees	-	-	19,821
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	755,367	1,221,540	-
0099 Other Intergovernmental Charges	158,418	-	-
6030 Total Expenditures	23,608,450	1,221,540	4,106,059
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	454,404	-	1,012,546
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	-
7949 Other Resources	1,125,724	-	-
8911 Transfers Out (Use)	(205,866)	-	-
7080 Total Other Financing Sources (Uses)	919,858	-	-
1200 Net Change in Fund Balances	1,374,262	-	1,012,546
0100 Fund Balance - September 1 (Beginning)	6,217,622	-	1,536,898
3000 Fund Balance - August 31 (Ending)	\$ 7,591,884	\$ -	\$ 2,549,444

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

60 Capital Projects		Other Funds	Total Governmental Funds
\$	28,463	\$ 1,960,896	\$ 14,094,175
	-	377,008	17,214,485
	-	5,298,509	6,759,215
	28,463	7,636,413	38,067,875
	-	3,483,807	16,355,890
	-	15,597	347,086
	-	150,303	558,101
	-	45,574	136,256
	-	24,578	1,286,420
	-	728,634	1,190,954
	-	32,687	59,397
	-	44,208	354,838
	-	9,891	673,332
	-	1,115,495	1,115,495
	-	28,237	1,433,354
	-	22,619	1,145,885
	-	1,193,908	4,224,611
	-	74,701	163,519
	-	3,044	571,874
	-	-	50,936
	-	-	1,575,000
	-	-	2,511,238
	-	-	19,821
	234,329	-	234,329
	-	1,164,192	3,141,099
	-	-	158,418
	234,329	8,137,475	37,307,853
	(205,866)	(501,062)	760,022
	205,866	-	205,866
	-	-	1,125,724
	-	-	(205,866)
	205,866	-	1,125,724
	-	(501,062)	1,885,746
	-	1,663,946	9,418,466
\$	-	\$ 1,162,884	\$ 11,304,212



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

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 1,885,746</b>
Current year capital outlays of \$1,331,846 and long-term debt principal payments of \$1,575,000 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 increase the change in net position.	2,906,846
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(2,621,609)
Pension expenditures on the fund financial statements are recognized on the modified accrual basis of accounting; however, on the government-wide financial statements, pension expense is reported on the accrual basis of accounting in accordance with GASB 68 as amended. Differences occur as the result of timing of when pension contributions are made verses when they are recognized, as well as the result of changes in assumptions, differences between projected and actual earnings, differences between expected and actual actuarial experience, etc. The net effect on reporting pension expense in accordance with GASB 68 as amended is to decrease the change in net position.	(109,592)
Other post-employment benefit expenditures on the fund financial statements are recognized on the modified accrual basis of accounting; however, on the government-wide financial statements, other post-employment benefit expense is reported on the accrual basis of accounting in accordance with GASB 75. Differences occur as the result of timing of when other post-employment benefit contributions are made verses when they are recognized, as well as the result of changes in assumptions, differences between projected and actual earnings, differences between expected and actual actuarial experience, etc. The net effect of reporting other post-employment benefit expense in accordance with GASB 75 is to increase the change in net position.	808,460
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 and adjusting current year revenue to show the revenue earned from the current year's tax levy which increased the change in net position in the amount of \$10,852 and recognizing the liabilities associated with maturing long-term debt and interest in the amount of \$118,431. The net effect of these reclassifications and recognitions is to increase the change in net position.	129,283
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,999,134</b>

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

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

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 10,478
Due from Other Funds	<u>3,326</u>
Total Assets	<u>13,804</u>
LIABILITIES	
Due to Other Funds	<u>8</u>
Total Liabilities	<u>8</u>
NET POSITION	
Restricted for Other Purposes	<u>13,796</u>
Total Net Position	<u><u>\$ 13,796</u></u>

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

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

	Custodial Fund
<b>ADDITIONS:</b>	
Miscellaneous Revenue - Student	\$ 35,950
Total Additions	<u>35,950</u>
<b>DEDUCTIONS:</b>	
Other Deductions	<u>41,103</u>
Total Deductions	<u>41,103</u>
Change in Fiduciary Net Position	(5,153)
 Total Net Position - September 1 (Beginning)	 <u>18,949</u>
 Total Net Position - August 31 (Ending)	 <u><u>\$ 13,796</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**I. Summary of Significant Accounting Policies:**

Borger Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board ("GASB") and other authoritative sources identified in *Codification of Statements on Auditing Standards* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's ("TEA") *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**A. Reporting Entity**

Because the Board is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters, the District is not included in any other governmental financial reporting entity as defined by the GASB in its *Codification of Government 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 complies with the requirements of these funding source entities.

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with the applicable interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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 tuition paid by students not residing in the District, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the balance sheet – governmental funds and as other resources and other uses on the governmental funds statement of revenues, expenditures and changes in fund balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. If present, interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District may consider some governmental funds major and report their financial condition and results of operations in a separate column.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**I. Summary of Significant Accounting Policies (continued):**

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

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.

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, deferred outflows of resources, current liabilities, deferred inflows of resources and fund balances are included on the Balance Sheet – Governmental Funds. Operating statements of these funds present net increases and decreases in current assets and current liabilities (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. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collected within 60 days after year end except for State funding formula grants which are recognized based upon funding formulas approved by the Texas Legislature and the TEA.

Revenues from local sources consist primarily of property taxes. Property tax revenues 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. 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 unearned revenues 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 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.

**D. Fund Accounting**

The District reports the following major governmental funds:

**The General Fund** - The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**I. Summary of Significant Accounting Policies (continued):**

**D. Fund Accounting (continued)**

**SSA – IDEA, Part B, Formula Fund** – This fund is used to account for the activities of the District's shared services arrangement for the IDEA, Part B, Formula grant, of which the District is the fiscal agent.

**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 the Debt Service Fund.

**Capital Projects Fund** – The District accounts for financial resources to be used for the acquisition or construction of major capital facilities in the Capital Projects Fund. Typically, these projects are financed through the issuance of bonds.

Additionally, the District reports the following fund types:

Non-major Governmental Funds:

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

Fiduciary Funds:

**Custodial Funds** - The District accounts for resources held for others in a custodial capacity in Custodial Funds. The District's Custodial Fund is the Student Activity Fund. The student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

**E. Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, the Child Nutrition Program (which is included in the Special Revenue Funds) and the Debt Service Fund. At a minimum, the District is required to present the adopted and final amended budgeted revenues and expenditures compared to actual revenues and expenditures for these three funds. These comparisons are on Exhibits G-1, J-2 and J-3, respectively.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**I. Summary of Significant Accounting Policies (continued):**

**E. Budgetary Data (continued)**

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 fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances were all cancelled.
5. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

**F. Other Accounting Policies**

1. The Data Control Codes refer to the account code structure prescribed by TEA's Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to ensure accuracy in building a State-wide database for policy development and funding plans.
2. The amounts on the financial statements have been rounded individually; consequently, some columns may not total and some schedules may not agree because of this rounding.
3. The District records purchases of supplies as expenditures. If a material amount of supplies is on hand at the end of the year, their total cost is recorded as inventory and reported as non-spendable fund balance for the same amount. At August 31, 2023, the amount of supplies on hand reported as inventory and non-spendable fund balance was \$236,355. Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in the amount of \$57,801, and the fund balance is reported as non-spendable for the same amount.
4. The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
5. The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.



**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**I. Summary of Significant Accounting Policies (continued):**

**F. Other Accounting Policies (continued)**

6. Employees of the District are entitled to paid vacation and paid sick days depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The District's policy is to recognize the costs of compensated absences when actually paid to employees.
7. Capital assets, which include land, buildings, furniture and equipment, are reported 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 assets lives are not capitalized. Outlays for construction projects and improvements are capitalized and depreciated as projects are completed. Buildings, furniture, equipment and vehicles of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	8-50
Furniture and equipment	5-20
Vehicles	8-12

8. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
9. The fiduciary net position of the Texas Public School Retired Employees Group Insurance Program Care Plan (TRS-Care) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net other post-employment benefit (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.
10. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**I. Summary of Significant Accounting Policies (continued):**

**F. Other Accounting Policies (continued)**

11. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. If material, bond premiums and discounts as well as gains or losses on bond refundings are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the year paid on the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as an expense in the year incurred on the fund financial statements.
12. In addition to assets, the Statement of Net Position includes 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported \$3,177,438 of deferred outflows pertaining to its pension plan as discussed in more detail in Note II(K), \$1,384,800 of deferred outflows pertaining to its OPEB plan as discussed in more detail in Note II(M) and \$573,204 of deferred outflows for deferred charges on bond refundings discussed in Note II(H). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the repayment period of the refunded or refunding debt.
13. In addition to liabilities, the Statement of Net Position includes 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 a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. The District reported \$1,002,441 of deferred inflows pertaining to its pension plan as discussed in more detail in Note II(K) and \$7,664,723 of deferred inflows pertaining to its OPEB plan as discussed in Note II(M). In addition, the District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue from property taxes in the amount of \$537,850 is reported only on the Balance Sheet - Governmental Funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
14. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**I. Summary of Significant Accounting Policies (continued):**

**F. Other Accounting Policies (continued)**

15. On the government-wide financial statements, the District's net investment in capital assets and restricted net position are as follows:

Net Investment in Capital Assets:

Land	\$ 334,576
Buildings, net	77,378,756
Furniture and equipment, net	597,701
Vehicles, net	664,051
Construction in progress	534,136
Deferred charge for bond refunding	573,204
Bonds payable and unamortized bond premiums	(64,457,292)
Net investment in capital assets	<u>\$ 15,625,132</u>

Restricted for Federal and State Programs:

Cash and cash equivalents	\$ 1,008,731
Due from other funds	230,721
Due from other governments	61,798
Inventories	30,173
Accounts payable and accrued expenses	(159,842)
Due to other funds	(8,571)
Unearned revenue	(72,711)
Net position restricted for federal and state programs	<u>\$ 1,090,299</u>

Restricted for Debt Service:

Cash and cash equivalents	\$ 2,483,615
Property taxes receivable, net	154,014
Due from other governments	14,403
Due from other funds	135,175
Due to other governments	(83,749)
Accrued /accrued interest payable	(643,713)
Net position restricted for debt service	<u>\$ 2,059,745</u>

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups:**

**A. Deposits and Investments**

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) (the “Act”) 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, (9) and bid solicitation preferences for certificates of deposit. Statutes 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) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker’s acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. 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. That policy addresses the following risks:

- a. Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The District is not exposed to custodial credit risk for its deposits as all are covered by depository insurance and pledged securities.
- b. Interest-rate Risk: Interest-rate risk arises from investments in debt instruments and is defined as “the risk that changes in interest rates will adversely affect the fair value of an investment.” The District has a policy of investing in investment pools and certificates of deposit and, consequently, has no substantial interest-rate risk.
- c. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investments include interest bearing accounts that are covered by depository insurance and pledged securities. Investments in the TexSTAR and Lone Star investment pools are on demand investments with AAAm credit quality ratings. Investments are carried at cost, which approximates market. The District’s investments are included in cash and cash equivalents on the financial statements.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**A. Deposits and Investments (continued)**

As of August 31, 2023, the District's investments in accounts other than interest bearing accounts at the District's depository bank consisted of the following which are valued at cost, which approximates market, and are reported as cash and cash equivalents on the District's financial statements:

<u>Type</u>	<u>Standard &amp; Poor's Rating</u>	<u>Carrying Amount</u>
<b>Fund Financial Statements:</b>		
TexSTAR	AAAm	\$ 260,730
Lone Star	AAAm	10,333,720
Total Investments		<u>\$ 10,594,450</u>

**B. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

**C. Delinquent Taxes Receivable**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes receivable within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**D. Interfund Balances and Transfers**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances at August 31, 2023, consisted of the following amounts in the fund financial statements:

**Due to General Fund from:**

Nonmajor Governmental Funds	\$ 372,221
SSA-IDEA Part B, Formula Fund	466,048
Capital Projects Fund	43
Custodial Funds	8
	<u>\$ 838,320</u>

**Due to Debt Service Fund from:**

General Fund	<u>\$ 135,175</u>
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**Due to Nonmajor Governmental Funds from:**

General Fund	<u>\$ 277,877</u>
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**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**D. Interfund Balances and Transfers (continued)**

**Due to Custodial Fund from:**

Nonmajor Governmental Funds \$ 3,326

During the year ended August 31, 2023, the District transferred \$205,866 from the General Fund to the Capital Projects Fund to provide additional funding for various capital projects.

**E. Disaggregation of Receivables and Payables**

Receivables in the fund financial statements at August 31, 2023, were as follows:

	<b>Property Taxes</b>	<b>Due From Other Governments</b>	<b>Due From Other Funds</b>	<b>Other Receivables</b>	<b>Total Receivables</b>
<b>Governmental Activities:</b>					
General Fund	\$ 673,396	\$ 31,249	\$ 838,320	\$ 55	\$ 1,543,020
SSA, IDEA, Part B, Formula	-	579,058	-	36,187	615,245
Debt Service Fund	270,199	14,403	135,175	-	419,777
Nonmajor Governmental Funds	<u>-</u>	<u>524,798</u>	<u>277,877</u>	<u>87</u>	<u>802,762</u>
Total - Governmental Activities	<u>\$ 943,595</u>	<u>\$ 1,149,508</u>	<u>\$ 1,251,372</u>	<u>\$ 36,329</u>	<u>\$ 3,380,804</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 405,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,745</u>

Payables in the fund financial statements at August 31, 2023, were as follows:

	<b>Accounts Payable and Accrued Expenses</b>	<b>Salaries and Benefits</b>	<b>Due to Other Funds</b>	<b>Due to Other Governments</b>	<b>Total Payables</b>
<b>Governmental Activities:</b>					
General Fund	\$ 41,952	\$ 1,170,126	\$ 413,052	\$ 262,464	\$ 1,887,594
SSA, IDEA, Part B, Formula	-	-	466,048	149,197	615,245
Debt Service Fund	-	-	-	83,749	83,749
Capital Projects Fund	-	-	43	-	43
Nonmajor Governmental Funds	<u>22,246</u>	<u>224,697</u>	<u>375,547</u>	<u>12,742</u>	<u>635,232</u>
Total - Governmental Activities	<u>\$ 64,198</u>	<u>\$ 1,394,823</u>	<u>\$ 1,254,690</u>	<u>\$ 508,152</u>	<u>\$ 3,221,863</u>

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**F. Unearned Revenues**

Unearned revenues as of August 31, 2023 in the fund financial statements consisted of the following:

	<b>Nonmajor Governmental</b>	
	<b>General Fund</b>	<b>Funds</b>
Season football tickets	\$ 4,525	\$ -
Child Nutrition Program	-	72,711
Total	\$ 4,525	\$ 72,711

**G. Capital Asset Activity**

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

	<b>Balance 09/01/22</b>	<b>Additions</b>	<b>Retirements &amp; Reclasi- fications</b>	<b>Balance 08/31/23</b>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 334,576	\$ -	\$ -	\$ 334,576
Construction in progress	2,504,918	200,648	(2,171,430)	534,136
Total capital assets not being depreciated	2,839,494	200,648	(2,171,430)	868,712
Capital assets, being depreciated				
Buildings and improvements	100,227,614	3,249,333	-	103,476,947
Furniture and equipment	1,436,275	33,680	-	1,469,955
Vehicles	3,305,360	19,615	-	3,324,975
Total capital assets being depreciated	104,969,249	3,302,628	-	108,271,877
Less: accumulated depreciation for:				
Buildings and improvements	23,688,666	2,409,525	-	26,098,191
Furniture and equipment	768,951	103,303	-	872,254
Vehicles	2,552,143	108,781	-	2,660,924
Total accumulated depreciation	27,009,760	2,621,609	-	29,631,369
Total capital assets, being depreciated, net	77,959,489	681,019	-	78,640,508
Governmental activities capital assets, net	\$ 80,798,983	\$ 881,667	\$ (2,171,430)	\$ 79,509,220

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**G. Capital Asset Activity (continued)**

The District had various projects ongoing during the year. Additional information on projects still in process can be found in Note II(Z). Below is a summary of the changes in construction in progress for the year ended August 31, 2023:

	<u>Balance 09/01/22</u>	<u>Costs Incurred</u>	<u>Projects Completed</u>	<u>Balance 08/31/23</u>
Construction in Progress:				
District Support Center	\$ 534,136	\$ -	\$ -	\$ 534,136
Agriculture Building Project	<u>1,970,782</u>	<u>200,648</u>	<u>(2,171,430)</u>	<u>-</u>
Total Construction in Progress	<u>\$ 2,504,918</u>	<u>\$ 200,648</u>	<u>\$ (2,171,430)</u>	<u>\$ 534,136</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,445,288
Instructional Resources and Media Services	30,670
Curriculum and Instruction Staff Development	49,317
Instructional Leadership	12,040
School Leadership	113,675
Guidance, Counseling and Evaluation Services	105,239
Social Work Services	5,249
Health Services	31,355
Student (Pupil) Transportation	59,499
Food Services	98,571
Extracurricular Activities	126,658
General Administration	101,256
Facilities Maintenance and Operations	373,308
Security and Monitoring Services	14,449
Data Processing Services	50,534
Community Services	<u>4,501</u>
Total depreciation expense	<u>\$ 2,621,609</u>

**H. Bonds Payable**

At August 31, 2023, the District had bonds payable as described below:

In a previous year, the District issued \$8,579,992 of Unlimited Tax Refunding Bonds Series 2013 (the "Series 2013 Bonds") to advance refund \$8,580,000 of Series 2006 Bonds in order to achieve debt service savings. The Series 2006 Bond maturities that were refunded were the 2028 through 2036 maturities, with an interest rate of 5.0%.



**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**H. Bonds Payable (continued)**

The net proceeds from the issuance of the Series 2013 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Series 2006 Bonds had been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the Series 2006 Bonds refunded have been removed from the District's government-wide financial statements. The Series 2006 Bonds refunded were redeemed on February 15, 2016 and are no longer outstanding.

The Series 2013 Bonds consist of two types of bonds, \$8,035,000 of current interest bonds, and \$544,992 of capital appreciation bonds. The current interest bonds bear interest at rates from 3.00% to 4.00%, and have maturity dates from February 15, 2018 through February 15, 2036. The capital appreciation bonds have maturity dates ranging from August 15, 2013 through February 15, 2029, and unlike most bonds which pay interest semi-annually over the life of the bond, the capital appreciation bonds do not pay interest until maturity.

The Series 2013 Bonds were issued at a premium of \$1,361,285, net of an underwriter's discount of \$70,494. This net premium of \$1,290,791 is being amortized over the life of the Series 2013 Bonds using the effective interest method. Current year amortization of the net premium was \$65,532.

The District follows the reporting guidance of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65") for the reporting of the Series 2013 Bonds. Under GASB 65, since the Series 2013 Bonds are considered to be an in-substance defeasance of the Series 2006 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District's case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2006 Bonds using the effective interest method. The reacquisition price of the Series 2006 Bonds was \$9,759,725 and the net carrying value was \$8,580,000, which resulted in a deferred outflow of resources of \$1,179,725. The current year's amortization of the deferred outflow of resources was \$51,610. The outstanding balances of the Series 2013 Bonds as of August 31, 2023 were \$7,495,000 for the current interest bonds and \$101,811 for the capital appreciation bonds.

On May 1, 2014, the District issued \$6,889,997 of Unlimited Tax Refunding Bonds Series 2014 (the "Series 2014 Bonds") to advance refund \$6,890,000 of Series 2006 Bonds in order to achieve debt service savings. The Series 2006 Bond maturities that were refunded were the 2017 through 2028 maturities, with interest rates ranging from 4.25% to 5.00%.

The net proceeds from the issuance of the Series 2014 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Series 2006 Bonds had been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the Series 2006 Bonds refunded have been removed from the District's government-wide financial statements. The Series 2006 Bonds refunded were redeemed on February 15, 2016 and are no longer outstanding.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**H. Bonds Payable (continued)**

The Series 2014 Bonds consist of two types of bonds, \$6,655,000 of current interest bonds, and \$234,997 of capital appreciation bonds. The current interest bonds bear interest at rates from 2.00% to 3.25%, and have maturity dates from August 15, 2014 through February 15, 2028. The capital appreciation bonds had a maturity date of February 15, 2017, and unlike most bonds which pay interest semi-annually over the life of the bond, the capital appreciation bonds did not pay interest until maturity. The Series 2014 Bonds were issued at a premium of \$730,303, net of an underwriter's discount of \$50,140. This net premium of \$680,163 is being amortized over the life of the Series 2014 Bonds using the effective interest method. Current year amortization of the net premium was \$39,469.

The District follows the reporting guidance of GASB 65 for the reporting of the Series 2014 Bonds. Under GASB 65, since the Series 2014 Bonds are considered to be an in-substance defeasance of the Series 2006 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District's case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2006 Bonds using the effective interest method. The reacquisition price of the Series 2006 Bonds was \$7,474,330 and the net carrying value was \$6,890,000, which resulted in a deferred outflow of resources of \$584,330, which was fully amortized in a previous year. The outstanding balances of the Series 2014 Bonds as of August 31, 2023 were \$2,885,000 for the current interest bonds and \$0 for the capital appreciation bonds, as they were paid in full during the year ended August 31, 2017.

On March 25, 2015, the District issued \$8,790,000 of Unlimited Tax Refunding Bonds Series 2015 (the "Series 2015 Bonds") to advance refund \$9,065,000 of the Series 2007 Bonds in order to achieve debt service savings. The Series 2007 Bond maturities that were refunded were the 2025 through 2036 maturities, with interest rates ranging from 4.50% to 4.70%. The net proceeds from the issuance of the Series 2015 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Series 2007 Bonds have been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the Series 2007 Bonds refunded have been removed from the District's government-wide financial statements. The amount of defeased bonds outstanding were redeemed in full on February 15, 2017 and are no longer outstanding.

The Series 2015 Bonds were issued as serial bonds and bear interest at rates of 3.00% to 4.00% and have maturity dates on 8/15/2015 and 2/15/2025 through 2/15/2036. The Series 2015 Bonds were issued at a premium of \$1,186,455, net of an underwriter's discount of \$63,257. This net premium of \$1,123,198 is being amortized over the life of the Series 2015 Bonds using the effective interest method. Current year amortization of the net premium was \$69,912.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**H. Bonds Payable (continued)**

The District follows the reporting guidance of GASB 65 for the reporting of the Series 2015 Bonds. Under GASB 65, since the Series 2015 Bonds are considered to be an in-substance defeasance of the Series 2007 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District’s case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2007 Bonds using the effective interest method. The reacquisition price of the Series 2007 Bonds was \$9,802,570 and the net carrying value was \$9,065,000, which resulted in a deferred outflow of resources of \$737,570. The current year’s amortization of the deferred outflow of resources was \$45,909. The outstanding balance of the Series 2015 Bonds as of August 31, 2023 was \$8,720,000.

On December 1, 2016, the District issued \$8,175,000 of Unlimited Tax Refunding Bonds Series 2016 (the “Series 2016 Bonds”) to advance refund \$8,335,000 of the Series 2007 Bonds in order to achieve debt service savings. The 2007 Series Bond maturities that were refunded were the 2018 through 2025 maturities and the 2037 and 2038 maturities, with interest rates ranging from 4.10% to 4.625%. The net proceeds from the issuance of the Series 2016 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the Series 2007 Bonds were refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the Series 2007 Bonds refunded have been removed from the District’s government-wide financial statements. The amount of defeased bonds outstanding were redeemed in full on February 15, 2017 and are no longer outstanding.

The Series 2016 Bonds were issued as serial bonds, bear interest at rates of 2.00% to 4.00% and have maturity dates from 2/15/2017 through 2/15/2025 and 2/15/2037 and 2/15/2038.

The Series 2016 Bonds were issued at a premium of \$508,060, net of an underwriter’s discount of \$54,808. This net premium of \$453,252 is being amortized over the life of the Series 2016 Bonds using the effective interest method. Current year amortization of the net premium was \$22,585.

The District follows the reporting guidance of GASB 65 for the reporting of the Series 2016 Bonds. Under GASB 65, since the Series 2016 Bonds are considered to be an in-substance defeasance of the Series 2007 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District’s case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2007 Bonds using the effective interest method. The reacquisition price of the Series 2007 Bonds was \$8,522,372 and the net carrying value was \$8,335,000, which resulted in a deferred outflow of resources of \$187,372. The current year’s amortization of the deferred outflow of resources was \$9,337. The outstanding balance of the Series 2016 Bonds as of August 31, 2023 was \$5,205,000.

The old net cash flow requirements of the District for bonds affected by the 2016 Refunding prior to issuance of the Series 2016 Bonds were \$14,073,122 from 2017 to 2038 and the net new cash flow requirements were \$12,584,946 after issuance of the Series 2016 Bonds. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,120,197.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**H. Bonds Payable (continued)**

On July 1, 2017, the District issued \$38,020,000 of Unlimited Tax School Building Bonds, Series 2017 (the "Series 2017 Bonds"). Proceeds from the sale of the bonds will be used (1) for the construction, acquisition and equipment of school facilities in the District and, (2) to pay the costs associated with the issuance of the bonds. The bonds are direct and voted obligations of the District, payable from an annual ad valorem tax levied on all taxable property within the District.

The Series 2017 Bonds consist of two types of bonds, \$7,355,000 of current interest bonds, and \$30,665,000 of term bonds. The current interest bonds bear interest at rates from 2.00% to 5.00%, and have maturity dates from February 15, 2018 through February 15, 2038. The term bonds bear interest at rates of 4.00% to 5.00% and have maturity dates of February 15, 2042 and 2047.

The Series 2017 Bonds were issued at a premium of \$3,300,137, net of an underwriter's discount of \$208,108. This net premium of \$3,092,029 is being amortized over the life of the Series 2017 Bonds using the effective interest method. Current year amortization of the net premium was \$130,064. The outstanding balance of the Series 2017 Bonds as of August 31, 2023 was \$36,260,000.

In total, during the year ended August 31, 2023, the District amortized \$327,562 of the net unamortized premiums on bond issuances, which was recorded as a reduction in interest expense reported on the Statement of Activities.

In total, during the year ended August 31, 2023, the District amortized \$106,856 of the deferred charges for bond refundings, which was recorded as an increase in interest expense reported on the Statement of Activities.

In total, during the year ended August 31, 2023, the District recorded accreted interest on capital appreciation bonds of \$104,612, which was recorded as an increase in interest expense on the Statement of Activities.

Bond indebtedness of the District is reflected in the government-wide Statement of Net Position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. There are a number of limitations and restrictions contained in the bond indenture. The District's administrators believe that the District is in compliance with all significant limitations and restrictions at August 31, 2023.

Debt service requirements for bonds payable are as follows:

<b>Year Ended August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2024	\$ 1,630,000	\$ 2,456,437	\$ 4,086,437
2025	1,685,000	2,400,612	4,085,612
2026	1,750,000	2,340,000	4,090,000
2027	1,815,000	2,272,800	4,087,800
2028	1,243,505	2,846,715	4,090,220
2029-2033	9,453,306	10,982,969	20,436,275
2034-2038	12,425,000	8,016,700	20,441,700
2039-2043	15,550,000	4,889,075	20,439,075
2044-2047	15,115,000	1,239,500	16,354,500
<b>Total</b>	<b>\$ 60,666,811</b>	<b>\$ 37,444,808</b>	<b>\$ 98,111,619</b>

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**H. Bonds Payable (continued)**

A summary of changes in bonds payable for the year ended August 31, 2023 is as follows:

<b>Bonds Payable</b>	<b>Bond Issue Date</b>	<b>Interest Rate Payable</b>	<b>Interest Paid Current Year</b>	<b>Payable/ Amounts Outstanding 09/01/22</b>	<b>Additions</b>	<b>Retired/ Refunded</b>	<b>Payable/ Amounts Outstanding 08/31/23</b>	<b>Due Within One Year</b>
Unlimited Tax School Refunding Bonds, Series 2013 Current Interest & Term Bonds (original amount of \$8,035,000)	May 2013	3.00% to 4.00%	\$ 268,700	\$ 7,590,000	\$ -	\$ 95,000	\$ 7,495,000	\$ 95,000
Unlimited Tax School Refunding Bonds, Series 2013 Capital Appreciation Bonds (original amount of \$544,992)	May 2013	0.62% to 3.25%	-	101,811	-	-	101,811	-
Unlimited Tax School Refunding Bonds, Series 2014 Current Interest & Term Bonds (original amount of \$6,655,000)	May 2014	2.00% to 3.25%	96,463	3,520,000	-	635,000	2,885,000	650,000
Unlimited Tax School Refunding Bonds, Series 2015 Current Interest & Term Bonds (original amount of \$8,790,000)	March 2015	3.00% to 4.00%	344,800	8,720,000	-	-	8,720,000	-
Unlimited Tax School Refunding Bonds, Series 2016 Serial Bonds (original amount of \$8,175,000)	December 2016	2.00% to 4.00%	206,975	5,700,000	-	495,000	5,205,000	515,000
Unlimited Tax School Building Bonds Series 2017 Current Interest & Term Bonds (original amount of \$38,020,000)	July 2017	2.00% to 5.00%	1,594,300	36,610,000	-	350,000	36,260,000	370,000
Total Bonds Payable			\$ 2,511,238	\$ 62,241,811	\$ -	\$ 1,575,000	\$ 60,666,811	\$ 1,630,000
			<b>Balance 09/01/22</b>	<b>Additions</b>	<b>Current Year Reductions/ Amortization</b>	<b>Balance 08/31/23</b>		
Unamortized premium on bond issuance			\$ 4,118,043	\$ -	\$ (327,562)	\$ 3,790,481		
Unamortized deferred charge on bond issuance			\$ 680,060	\$ -	\$ (106,856)	\$ 573,204		
Accumulated accreted interest on capital appreciation bonds			\$ 430,188	\$ 104,612	\$ -	\$ 534,800		

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**I. Commitments Under Leases**

GASB Statement No. 87, *Leases* (GASB 87), became effective during a prior fiscal year. One of the aspects of implementation of any statement issued by GASB is that the provision of each of the GASB's statements need not be applied to immaterial items. When assessing the overall impact of GASB 87 on the District's financial statements and whether it should be adopted, management evaluated all lease agreements in place at that time and made the determination that the implementation of GASB 87 would not have a material impact on the District's financial statements; consequently, GASB 87 was not implemented for the District's fiscal year ending August 31, 2022 financial statements.

For the year ended August 31, 2023, management again evaluated all lease agreements currently in place and determined that at the present time, the implementation of GASB 87 would not have a material impact on the District's financial statements; consequently, GASB 87 was not implemented for the District's fiscal year ending August 31, 2023 financial statements. Management will continue to assess the impact that GASB 87 may have in the future on the District's financial statements, and if determined to be material, will be implemented at that time.

The District leases copy machines under various non-cancelable operating leases. Total costs for such leases were \$127,595 for the year ended August 31, 2023. The future minimum lease payments for these leases are as follows:

<u>Year ending August 31,</u>	<u>Amount</u>
2024	\$ 105,612
2025	<u>105,612</u>
Total Future Minimum Lease Payments	<u>\$ 211,224</u>

**J. Fund Balance**

The District's fund balances for its governmental funds are presented in accordance with GASB 54, which classifies fund balance based on the level of constraints placed on the usage of fund resources. Under GASB 54, fund balances for governmental funds are reported in the following categories:

1. Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.
2. Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**J. Fund Balance (continued)**

3. Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority, the Board of Trustees. Formal action consists of a board resolution by a majority vote of the District’s Board of Trustees in a publicly held scheduled meeting. Committed fund balance amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (board resolution). Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Board of Trustees. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
4. Assigned – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board of Trustees may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board of Trustees by majority vote in a publicly scheduled meeting. The Board of Trustee’s has delegated the authority to make assignments of fund balance amounts to the District’s Superintendent or his designee.
5. Unassigned – The unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not be assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged first to restricted balances, and then to unrestricted balances as they are needed. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed resources first, then to assigned resources and then to unassigned resources as they are needed.

The District’s governmental fund balances as of August 31, 2023 are reported as follows on the fund financial statements:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventories	\$ 206,182	\$ -	\$ 30,173	\$ 236,355
Prepaid items	57,801	-	-	57,801
Restricted:				
Federal & State grant restrictions:				
National school breakfast & lunch program	-	-	109,747	109,747
SSA - School health & related services program	-	-	76,501	76,501
SSA - Special education	-	-	873,878	873,878
Retirement of long-term debt	-	2,549,444	-	2,549,444
Committed:				
Campus activity funds	-	-	72,585	72,585
Unassigned	7,327,901	-	-	7,327,901
Total fund balances	<u>\$ 7,591,884</u>	<u>\$ 2,549,444</u>	<u>\$ 1,162,884</u>	<u>\$ 11,304,212</u>

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**K. Defined Benefit Pension Plan**

Plan Description - The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust fund 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 and 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 Detail information about the TRS'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.

The information provided in the notes to the financial statements in the 2022 ACFR for TRS provides the following information regarding the net pension liability of the Plan as of August 31, 2022:

<u>Net Pension Liability</u>	
Total pension liability	\$ 243,553,045,455
Less: Plan fiduciary net position	(184,185,617,196)
Net pension liability	<u>\$ 59,367,428,259</u>
Net position as a percentage of total pension liability	75.62%

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



**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**K. Defined Benefit Pension Plan (continued)**

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

Contributions - Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86<sup>th</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

<b>Contribution Rates and Amounts</b>		
	<b>2022</b>	<b>2023</b>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Borger ISD 2023 Employer Contributions	\$	685,919
Borger ISD 2023 Member Contributions	\$	1,454,714
Borger ISD 2023 NECE On-behalf Contributions	\$	1,009,099

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**K. Defined Benefit Pension Plan (continued)**

Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

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

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

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the system's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**K. Defined Benefit Pension Plan (continued)**

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2021 rolled forward to August 31, 2022
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Fair Value
Single discount rate	7.00%
Long term expected 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 increase	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 actuarial valuation report dated November 12, 2021.

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

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

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**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-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the system's target asset allocation as of August 31, 2022 are summarized below:

<b>Asset Class</b>	<b>Target Allocation** %</b>	<b>Long-Term Expected Geometric Real Rate of Return***</b>	<b>Expected Contribution to Long-Term Portfolio Returns</b>
<b>Global Equity</b>			
U.S.A.	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%
<b>Stable Value</b>			
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%
<b>Real Return</b>			
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%
<b>Risk Parity</b>	8.00%	4.60%	0.43%
<b>Asset Allocation Leverage</b>			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
<b>Expected Return</b>	<b>100.00%</b>		<b>8.19%</b>

\* Absolute Return includes Credit Sensitive Investments

\*\* Target allocation based on the FY2022 policy model

\*\*\* Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022)

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

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**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.

	<b>1% Decrease in Discount Rate (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase in Discount Rate (8.00%)</b>
District's proportionate share of the net pension liability	\$ 11,950,584	\$ 7,682,196	\$ 4,222,467

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions - At August 31, 2023, the District reported a liability of \$7,682,196 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 7,682,196
State's proportionate share that is associated with the District	12,838,365
Total	<u>\$ 20,520,561</u>

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

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.0129400857%, which was an increase of 0.0005066972% from its proportion measured as of August 31, 2021 which was 0.0124333885%.

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

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

For the measurement period from from September 1, 2021 through August 31, 2022, the District recognized pension expense of \$1,227,202 and revenue of \$1,227,202 for support provided by the State in the government-wide statement of activities for the year ended August 31, 2023.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**K. Defined Benefit Pension Plan (continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual actuarial experience	\$ 111,391	\$ 167,486
Changes in actuarial assumptions	1,431,443	356,756
Difference between projected and actual investment earnings	758,977	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	189,708	478,199
Contributions paid to TRS subsequent to the measurement date	685,919	-
Total	<u>\$ 3,177,438</u>	<u>\$ 1,002,441</u>

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

<b>Year ended August 31:</b>	<b>Pension Expense Amount</b>	<b>Balance of Deferred Outflows (Deferred Inflows)</b>
2024	\$ 370,888	\$ 1,118,190
2025	139,577	978,613
2026	(35,870)	1,014,483
2027	870,730	143,753
2028	143,753	-
	<u>\$ 1,489,078</u>	

**L. Medicare Part D – On-Behalf Payments**

Federal Government Retiree Drug Subsidy - Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. Payments made on-behalf of the District for the years ended August 31, 2023, 2022, and 2021 were \$99,631, \$74,761, and \$81,170, respectively.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**M. Defined Other Post-Employment Benefit Plan**

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

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

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

The information provided in the notes to the financial statements in the 2022 ACFR for TRS-Care provides the following information regarding the net OPEB liability of the Plan as of August 31, 2022:

<b>Net OPEB Liability</b>	
Total OPEB liability	\$ 27,061,942,520
Less: Plan fiduciary net position	(3,117,937,218)
Net OPEB liability	<u>\$ 23,944,005,302</u>
Net position as a percentage of total OPEB liability	11.52%

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

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**M. Defined Other Post-Employment Benefit Plan (continued)**

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

<b>TRS-Care Monthly Premium Rates</b>		
	<b>Medicare</b>	<b>Non-Medicare</b>
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

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

<b>Contribution Rates and Amounts</b>		
	<b>2022</b>	<b>2023</b>
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%
Borger ISD 2023 Employer Contributions	\$	157,776
Borger ISD 2023 Member Contributions	\$	118,195
Borger ISD 2023 NECE On-behalf Contributions	\$	191,565



**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**M. Defined Other Post-Employment Benefit Plan (continued)**

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS-Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree. TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

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

**Additional Actuarial Methods and Assumptions:**

Valuation date	August 31, 2021 rolled forward to August 31, 2022
Actuarial cost method	Individual entry age normal
Inflation	2.30%
Single discount rate	3.91% as of August 31, 2022
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Salary increases	3.05% to 9.05%, including inflation
Ad hoc post-employment benefit changes	None

Discount Rate – A single discount rate of 3.91 percent was used to measure the total OPEB liability. There was an increase of 1.96 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**M. Defined Other Post-Employment Benefit Plan (continued)**

The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (3.91%) in measuring the net OPEB liability.

<b>Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions</b>			
<b>Current Single Discount Rate</b>			
	<b>1% Decrease 2.91%</b>	<b>Discount Rate 3.91%</b>	<b>1% Increase 4.91%</b>
District's proportionate share of the net OPEB liability	\$ 5,397,957	\$ 4,578,112	\$ 3,913,932

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2023, the District reported a liability of \$4,578,112 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 4,578,112
State's proportionate share that is associated with the District	5,584,578
Total	<u>\$ 10,162,690</u>

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

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**M. Defined Other Post-Employment Benefit Plan (continued)**

At August 31, 2022 the employer's proportion of the collective net OPEB liability was 0.0191200772% compared to 0.0190260934% as of August 31, 2021. This is an increase of 0.0000939838%.

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

<b>Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions</b>			
	<b>1% Decrease</b>	<b>Current Single Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of the net OPEB liability	\$ 3,772,385	\$ 4,578,112	\$ 5,622,634

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

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

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

For the year ended August 31, 2023, the District recognized OPEB expense of (\$792,497) and revenue of (\$792,497) for support provided by the State.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 254,527	\$ 3,813,978
Changes in actuarial assumptions	697,337	3,180,600
Difference between projected and actual investment earnings	13,637	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	261,523	670,145
Contributions paid to TRS subsequent to the measurement date	157,776	-
Total	\$ 1,384,800	\$ 7,664,723

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**M. Defined Other Post-Employment Benefit Plan (continued)**

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

<b>Year ended August 31:</b>	<b>OPEB Expense Amount</b>	<b>Balance of Deferred Outflows (Deferred Inflows)</b>
2024	\$ (1,170,105)	(5,267,594)
2025	(1,170,059)	(4,097,535)
2026	(975,917)	(3,121,618)
2027	(713,080)	(2,408,538)
2028	(845,111)	(1,563,427)
Thereafter	(1,563,427)	-
	<u>\$ (6,437,699)</u>	

**N. Litigation and Contingencies**

During the previous year, the District had a dispute with a contractor in relation to the High School Renovation Project. During the course of this project, the contractor had fallen behind and asked for a change order increasing the total cost of the project due to an error in the bidding process. As a result of an ongoing dispute over this issue, the District decided to split the portion of the project in contention out and bid it as a separate project. In conjunction with this, the District submitted to the contractor a change order decreasing the total contract value by \$1,172,799 to account for the costs the District paid a different contractor to complete the project. The contractor disputed this change order and had not signed it and maintained that the District still owed \$451,960 of retainage for work completed. The District accounted for the disputed amounts by recording a payable to the contractor as well as payables to the subcontractors and architect totaling \$953,471 as of August 31, 2022. During the year ended August 31, 2023, this dispute was settled by the District making final payments to the contractor, subcontractor, and architect in the amount of \$927,071. The difference of \$26,400 between what was actually paid and what was previously accrued has been reported in miscellaneous local revenue in the financial statements for the year ended August 31, 2023.

At August 31, 2023, the District had no known or threatened pending litigation which would materially affect the District's financial statements.

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2023 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**O. Cafeteria Plan**

During the year ended August 31, 2023, the District offered a cafeteria plan meeting the requirements of Section 125 of the Internal Revenue Code to all full-time employees. Under the cafeteria plan participants designate a portion of their salary to be contributed to the cafeteria plan to pay for selected unreimbursed expenses. Eligible unreimbursed expenses include medical expenses, child and dependent care costs, health insurance costs, cancer insurance cost and dental expenses. By contributing to the cafeteria plan, employees can receive certain income tax benefits.

**P. Revenues from Local and Intermediate Sources**

During the year ended August 31, 2023, revenues from local and intermediate sources in the fund financial statements consisted of the following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Property taxes	\$ 6,171,550	\$ 4,744,145	\$ -	\$ -	\$ 10,915,695
Penalties, interest	107,724	39,331	-	-	147,055
Investment income	482,729	161,708	2,062	-	646,499
Food sales	-	-	-	196,253	196,253
Gifts and bequests	45,281	-	-	32,128	77,409
Extracurricular student activities	89,655	-	-	-	89,655
Shared service arrangements	-	-	-	1,633,227	1,633,227
Campus fund activities	-	-	-	91,828	91,828
Insurance recovery	5,045	-	-	-	5,045
Other	257,648	-	26,401	7,460	291,509
Totals	<u>\$ 7,159,632</u>	<u>\$ 4,945,184</u>	<u>\$ 28,463</u>	<u>\$ 1,960,896</u>	<u>\$ 14,094,175</u>

**Q. Unemployment Compensation Pool**

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

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

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**Q. Unemployment Compensation Pool (continued)**

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

**R. Workers Compensation Aggregate Deductible**

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

The District participates in the Fund's reimbursable aggregate deductible program. As such, the District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document. After the District's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2022, the Fund carries a discounted reserve of \$50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**R. Workers Compensation Aggregate Deductible (continued)**

The following is a summary of the District's aggregate deductible amount and the estimated outstanding loss and allocated loss adjustment expense (ALAE) which is recorded in accrued expenditures as of August 31, 2023:

<b>Fiscal Year Ended</b>	<b>District's aggregate deductible</b>	<b>Estimated total paid loss &amp; ALAE at 8/31/23</b>	<b>Selected ultimate loss &amp; ALAE</b>	<b>District net retained outstanding loss &amp; ALAE at 8/31/23</b>
8/31/2013	\$ 59,731	\$ 7,017	\$ 7,017	\$ -
8/31/2014	48,247	6,035	6,035	-
8/31/2015	47,077	32,839	32,839	-
8/31/2016	49,584	46,827	46,827	-
8/31/2017	49,633	5,214	5,214	-
8/31/2018	52,622	8,918	8,918	-
8/31/2019	55,716	31,604	31,604	-
8/31/2020	57,542	7,788	7,788	-
8/31/2021	58,093	197,686	58,093	-
8/31/2022	61,323	28,537	32,086	3,550
8/31/2023	58,177	7,385	13,433	6,048
Total				\$ <u>9,598</u>

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

**S. Auto, Liability, and Property Programs**

During the year ended August 31, 2023, the District participated in the following TASB Risk Management Fund's (the "Fund") programs: Auto Liability; Auto Physical Damage; Privacy & Information Security, Property and School Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

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

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**T. Joint Venture - Shared Service Arrangements**

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides for education programs for children with disabilities. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD, White Deer ISD, Groom ISD, Plemons-Stinnett-Phillips ISD and Pringle Morse ISD. The SSA is commonly known as the Hutchinson, Armstrong and Carson (“HAC”) Special Education SSA. Specifically, the District is administering a program under the IDEA Part B, Formula grant from the U.S. Department of Education, passed through the TEA. The District receives monies from the TEA and distributes to other member districts. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities for this grant in Special Revenue Fund No. 313, and has accounted for using Model 1 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Borger Independent School District	\$ 590,782
Sanford-Fritch Independent School District	201,887
Panhandle Independent School District	154,444
Claude Independent School District	17,833
White Deer Independent School District	54,453
Groom Independent School District	36,405
Plemons-Stinnett-Phillips Independent School District	141,659
Pringle Morse Independent School District	24,077
	<u>\$ 1,221,540</u>

The District is the fiscal agent for an SSA which provides for education programs for children with disabilities. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD, White Deer ISD, Groom ISD, Plemons-Stinnett-Phillips ISD and Pringle Morse ISD. Specifically, the District is administering a program under the American Recovery Plan IDEA Part B, Formula grant from the U.S. Department of Education, passed through the TEA. The District receives monies from the TEA and distributes to other member districts. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities for this grant in Special Revenue Fund No. 364. Not all participating members have expenditures under this program every year. Expenditures of the SSA are summarized below:

Borger Independent School District	\$ 142,460
White Deer Independent School District	12,148
	<u>\$ 154,608</u>

The District is the fiscal agent for an SSA which provides for education programs for preschool children with disabilities. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD, White Deer ISD, Groom ISD, Plemons-Stinnett-Phillips ISD and Pringle Morse ISD. Specifically, the District is administering a program under the IDEA Part B, Preschool grant from the U.S. Department of Education, passed through the TEA. The District receives monies from the TEA and distributes to other member districts.



**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**T. Joint Venture - Shared Service Arrangements (continued)**

According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities for this grant in Special Revenue Fund No. 314, and has accounted for using Model 1 in the SSA section of the Resource Guide. Not all participating members have expenditures under this program every year. Expenditures of the SSA are summarized below:

Borger Independent School District	\$ 12,338
Sanford-Fritch Independent School District	8,047
Panhandle Independent School District	8,512
Claude Independent School District	4,906
Pringle Morse Independent School District	539
	<u>\$ 34,342</u>

The District is the fiscal agent for an SSA which provides for education programs for preschool children with disabilities. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD, White Deer ISD, Groom ISD, Plemons-Stinnett-Phillips ISD and Pringle Morse ISD. Specifically, the District is administering a program under the American Recovery Plan IDEA Part B, Preschool grant from the U.S. Department of Education, passed through the TEA. The District receives monies from the TEA and distributes to other member districts. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities for this grant in Special Revenue Fund No. 365. There was no activity in this SSA during the fiscal year ended August 31, 2023.

The District is the fiscal agent for an SSA which provides school-based health services which are provided to special education students enrolled in the Medicaid Program. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD and Plemons-Stinnett-Phillips ISD. Specifically, the District is administering a program under the School Health and Related Services ("SHARS") program. The District receives monies from the TEA and distributes to other member districts. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities for this grant in Special Revenue Fund No. 379, and is accounted for using Model 1 in the SSA section of the Resource Guide. Not all participating members have expenditures under this program every year. Expenditures of the SSA are summarized below:

Borger Independent School District	\$ 215,379
Sanford-Fritch Independent School District	120,677
Panhandle Independent School District	87,146
Claude Independent School District	12,701
Plemons-Stinnett-Phillips Independent School District	79,593
Administrative expenses	44,813
	<u>\$ 560,309</u>

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**T. Joint Venture - Shared Service Arrangements (continued)**

The District is the fiscal agent for an SSA which provides speech therapy, a diagnostician and administrative support services for special education to member districts. In addition to the District, the other participating members are Sanford-Fritch ISD, Panhandle ISD, Claude ISD, White Deer ISD, Groom ISD, Plemons-Stinnett-Phillips ISD and Pringle Morse ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 437, Shared Services Arrangements - Special Education and is accounted for using Model 3 in the SSA section of the Resource Guide. Not all participating members have expenditures under this program every year. Expenditures of the SSA are summarized below:

Borger Independent School District	\$ 999,920
Sanford-Fritch Independent School District	298,526
Panhandle Independent School District	228,967
Claude Independent School District	86,949
White Deer Independent School District	115,933
Groom Independent School District	86,949
Plemons-Stinnett-Phillips Independent School District	307,221
Pringle Morse Independent School District	37,678
	<u>\$ 2,162,143</u>

**U. Impact of Recently Issued Accounting Pronouncements**

**Recently Issued and Adopted Accounting Pronouncements**

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations* (GASB 91). The primary objective of this Statement are to provide a single method of reporting conduit debt obligations by debt issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. It clarifies the existing definition of conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving note disclosures. The requirements of this Statement were effective for reporting periods beginning after December 15, 2020. Early application is encouraged. However, in accordance with GASB 95, the effective date of this Statement is postponed for periods beginning after December 15, 2021. The adoption of this Statement did not have any significant impact on the District's financial statements.

In March 2020, the GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). 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.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**U. Impact of Recently Issued Accounting Pronouncements (continued)**

**Recently Issued and Adopted Accounting Pronouncements (continued)**

Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The adoption of this Statement did not have a significant impact on the District's financial statements.

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA's). That objective is accomplished by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset, and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures of essential information regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is permitted. The adoption of this Statement did not have a significant impact on the District's financial statements.

**Recently Issued Accounting Pronouncements**

In April 2022, the GASB issued Statement 99, *Omnibus 2022* (GASB 99). The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are (1) classification and reporting of derivative instruments within the scope of GASB 53 that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; (2) classification of provisions in GASB 87, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; (3) clarification of provisions in GASB 94 related to the determination of the PPP term and recognition and measurement of installment payments and the transfer of the underlying PPP asset; (4) clarification of provisions in GASB 96 related to SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; (5) extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; (6) accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); (7)

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**U. Impact of Recently Issued Accounting Pronouncements (continued)**

**Recently Issued Accounting Pronouncements (continued)**

disclosures related to nonmonetary transactions; (8) pledges of future revenues when resources are not received by the pledging government; (9) clarification of provisions in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; (10) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and (11) terminology used in GASB 53 to refer to resource flows statements.

The requirements of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statements 53 and 63 are effective upon issuance.

The requirements of this Statement related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 30, 2022, and all reporting periods thereafter. The requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments are effective for fiscal years beginning after June 30, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections* (GASB 100). The primary objective of this Statement is to enhance the accounting and reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier implementation is encouraged. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

In June 2022, the GASB issued Statement 101, *Compensated Absences* (GASB 101). The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier implementation is encouraged. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**V. Related Organization**

The Borger ISD Foundation (the “Foundation”), is a separate not-for-profit entity which was created to provide scholarship funds to students of the District. Under reporting guidance taken from the GASB, the Foundation is being treated as a related organization, as the District does not have control of the Foundation, and the District does not have any financial benefit/burden relationship with the Foundation. The members of the board of the Foundation are appointed by an outside taxpayer group. The Superintendent of the District is one of the voting members of the Foundation. Total assets of the Foundation as of August 31, 2023, were approximately \$41,135; however, as these assets are not owned or controlled by the District they are not reflected on the District’s financial statements.

**W. HAC Special Education SSA Risk Management**

**Workers’ Compensation Pool**

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2022, the Fund carries a discounted reserve of \$50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

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

**Auto, Liability, and/or Property Programs**

During the year ended August 31, 2023, the HAC Special Education SSA participated in the following TASB Risk Management Fund (the Fund) programs: School Liability and Privacy & Information Security. The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**W. HAC Special Education SSA Risk Management (continued)**

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

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

**X. Limited Assessed Valuation Agreement**

On December 30, 2013, the District's Board of Trustees approved an Agreement with Cominco Fertilizer Partnership for a Limitation On Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Cominco Fertilizer Partnership qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as a manufacturing project.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers. In order to qualify for a value limitation agreement, each applicant, including Cominco Fertilizer Partnership has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>.

The agreement and all supporting documentation was assigned Texas Comptroller Application No. 317. After approval, the applicant company must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**X. Limited Assessed Valuation Agreement (continued)**

In the event that Cominco Fertilizer Partnership terminates this agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this agreement or to meet any material obligation under this agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

It is the District's understanding that the applicant company is representing that they are in full compliance with all of its obligations under law and the agreement itself.

The terms of this agreement stipulate Cominco Fertilizer Partnership is to invest capital of at least \$381,000,000 on a long-term basis for a valuation limitation of \$20,000,000. For fiscal year 2023, which is the seventh year value limitation of the agreement, with the M&O tax rate \$0.8546 per \$100, with property constructed by Cominco Fertilizer Partnership valued at \$463,125,050 without considering the limit and \$20,000,000 with the limit. When calculated, the District forgoes collecting \$3,786,947 in tax revenue; however, the reduced collections in tax revenue will be offset by the increase in state funding through the Foundation School Program funding formula and a possible Revenue Protection Payment. In addition to the tax abatement, Cominco Fertilizer Partnership has committed to pay supplemental payments to the District in the amount of \$100 per ADA.

Below is a summary of the impact of the Chapter 313 Agreement with Cominco Fertilizer Partnership on the District's revenue from taxes and state funding formula grants for the District's fiscal year ending August 31, 2023:

Project Value During the 2022 Tax Levy	Project's Value Limitation Amount for the 2022 Tax Levy	Amount of Applicant's Maintenance & Operations Taxes Reduced for the 2022 Tax Levy	Article IV Indemnity Payment to the District for the 2022 Tax Levy for Foregoing this Amount of State Aid	Company Revenue Loss Protection Payment to the District for the 2022 Tax Levy	Company Supplemental Payment to the District	Net Benefit (Loss) to the School District for the 2022 Tax Levy
\$ 463,125,050	\$ 20,000,000	\$ 3,786,947	\$ 840,263	\$ 31,461	\$ 254,000	\$ 1,125,724

For the year ended August 31, 2023, the District recognized the \$31,461 received from Cominco Fertilizer Partnership as a revenue protection payment, the \$254,000 supplemental payment based upon the District's ADA, and the \$840,263 Article IV indemnity payment as other resources on the fund financial statements.

In April 2022, the District approved an application for a Limited Appraised Valuation Agreement under Chapter 313 of the Texas Tax Code with Green Peak H2 Operating 1, LLC ("Green Peak"). Under the terms of this agreement, Green Peak is to invest \$479,500,000 in capital within the District on a long-term basis, subject to a limitation valuation of \$30,000,000. During the year ended August 31, 2022, the District received a \$75,000 application fee related to this agreement which was included in miscellaneous revenues. There has been no further activity on this agreement during the year ended August 31, 2023.

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**Y. Subsequent Events**

Management has evaluated subsequent events through December 14, 2023, which is the date on which the financial statements were issued. Management of the District is not aware of any subsequent events that would warrant adjustment to the financial statements or disclosure in the notes to the financial statements for the year ended August 31, 2023.

**Z. Construction Commitments**

The District is in the process of exploring the feasibility and/or the planning of a construction project for the purpose of renovating an existing building to be used to house the District's administrative offices. Although subject to change, the District's administration currently believes this project will be paid from amounts accumulated in fund balance from previous years and operations from future years.

The following is a summary of the costs incurred to date, estimated total construction costs, and completion dates of the project ongoing as of August 31, 2023:

<b>Project Description</b>	<b>Construction in Progress as of August 31, 2023</b>	<b>Estimated Total Project Costs</b>	<b>Estimated Completion Date</b>
District Support Center	\$ <u>534,136</u>	\$ <u>4,389,103</u>	To Be Determined



## **REQUIRED SUPPLEMENTARY INFORMATION**

BORGER 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		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 6,796,778	\$ 7,138,383	\$ 7,159,632	\$ 21,249
5800 State Program Revenues	16,514,942	16,610,364	16,664,056	53,692
5900 Federal Program Revenues	44,428	445,108	239,166	(205,942)
5020 Total Revenues	23,356,148	24,193,855	24,062,854	(131,001)
EXPENDITURES:				
Current:				
0011 Instruction	12,785,494	13,258,707	12,872,083	386,624
0012 Instructional Resources and Media Services	398,440	352,440	331,489	20,951
0013 Curriculum and Instructional Staff Development	415,416	415,416	407,798	7,618
0021 Instructional Leadership	98,359	94,859	90,682	4,177
0023 School Leadership	1,191,803	1,270,332	1,261,842	8,490
0031 Guidance, Counseling, and Evaluation Services	465,750	465,750	462,320	3,430
0032 Social Work Services	27,408	27,408	26,710	698
0033 Health Services	344,863	317,063	310,630	6,433
0034 Student (Pupil) Transportation	571,536	672,206	663,441	8,765
0036 Extracurricular Activities	1,590,483	1,454,129	1,405,117	49,012
0041 General Administration	1,172,525	1,313,418	1,123,266	190,152
0051 Facilities Maintenance and Operations	2,527,343	3,051,255	3,030,703	20,552
0052 Security and Monitoring Services	119,950	97,543	88,818	8,725
0053 Data Processing Services	609,524	579,524	568,830	10,694
0061 Community Services	58,762	51,762	50,936	826
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	12,500	-	12,500
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	755,367	756,367	755,367	1,000
0099 Other Intergovernmental Charges	177,000	202,000	158,418	43,582
6030 Total Expenditures	23,310,023	24,392,679	23,608,450	784,229
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	46,125	(198,824)	454,404	653,228
OTHER FINANCING SOURCES (USES):				
7949 Other Resources	-	1,125,724	1,125,724	-
8911 Transfers Out (Use)	-	(926,900)	(205,866)	721,034
7080 Total Other Financing Sources (Uses)	-	198,824	919,858	721,034
1200 Net Change in Fund Balances	46,125	-	1,374,262	1,374,262
0100 Fund Balance - September 1 (Beginning)	6,217,622	6,217,622	6,217,622	-
3000 Fund Balance - August 31 (Ending)	\$ 6,263,747	\$ 6,217,622	\$ 7,591,884	\$ 1,374,262

BORGER 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)	0.012940086%	0.012433388%	0.012449821%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 7,682,196	\$ 3,166,344	\$ 6,667,870
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	12,838,365	6,434,893	13,907,799
Total	<u>\$ 20,520,561</u>	<u>\$ 9,601,237</u>	<u>\$ 20,575,669</u>
District's Covered Payroll	\$ 17,698,733	\$ 18,047,614	\$ 18,060,367
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.41%	17.44%	36.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.62%	88.79%	75.54%

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

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

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.014409132%	0.014581356%	0.014492665%	0.014536833%	0.0152317%	0.0092887%
\$ 7,490,317	\$ 8,025,932	\$ 4,633,974	\$ 5,493,253	\$ 5,384,203	\$ 2,481,141
12,653,180	14,597,596	8,742,939	10,816,155	9,875,271	8,733,062
\$ 20,143,497	\$ 22,623,528	\$ 13,376,913	\$ 16,309,408	\$ 15,259,474	\$ 11,214,203
\$ 17,208,871	\$ 17,405,026	\$ 16,944,311	\$ 16,778,455	\$ 15,804,061	\$ 15,501,327
43.53%	46.11%	27.35%	32.74%	34.07%	16.01%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

BORGER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 685,919	\$ 623,272	\$ 531,618
Contribution in Relation to the Contractually Required Contribution	685,919	(623,272)	(531,618)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 18,183,919	\$ 17,698,733	\$ 18,047,614
Contributions as a Percentage of Covered Payroll	3.77%	3.52%	2.95%

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
\$ 509,923	\$ 504,099	\$ 494,692	\$ 474,985	\$ 461,696	\$ 451,019
(509,923)	(504,099)	(494,692)	(474,985)	(461,696)	(451,019)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 18,060,367	\$ 17,208,871	\$ 17,405,026	\$ 16,944,311	\$ 16,778,455	\$ 15,804,061
2.82%	2.93%	2.84%	2.80%	2.75%	2.85%

BORGER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM  
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	0.019120077%	0.019026093%	0.019490971%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 4,578,112	\$ 7,339,214	\$ 7,409,398
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	5,584,578	9,832,912	9,956,455
Total	<u>\$ 10,162,690</u>	<u>\$ 17,172,126</u>	<u>\$ 17,365,853</u>
District's Covered Payroll	\$ 17,698,733	\$ 18,047,614	\$ 18,060,367
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	25.87%	40.67%	41.03%
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.

FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
0.020271284%	0.020611081%	0.019841658%
\$ 9,586,540	\$ 10,291,301	\$ 8,628,393
12,738,365	14,931,045	13,311,226
<u>\$ 22,324,905</u>	<u>\$ 25,222,346</u>	<u>\$ 21,939,619</u>
\$ 17,208,871	\$ 17,405,026	\$ 16,944,311
55.71%	59.13%	50.92%
2.66%	1.57%	0.91%



BORGER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM  
FOR FISCAL YEAR 2023

	2023	2022	2021
Contractually Required Contribution	\$ 157,776	\$ 154,920	\$ 149,317
Contribution in Relation to the Contractually Required Contribution	(157,776)	(154,920)	(149,317)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 18,183,919	\$ 17,698,733	\$ 18,047,614
Contributions as a Percentage of Covered Payroll	0.87%	0.88%	0.83%

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

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

2020			2019		
			2018		
\$	146,193	\$	143,938	\$	141,972
	(146,193)		(143,938)		(141,972)
\$	-	\$	-	\$	-
\$	18,060,367	\$	17,208,871	\$	17,405,026
	0.81%		0.84%		0.82%

**BORGER INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2023**

**Teacher Retirement System of Texas Pension Plan (TRS):**

**Changes of Assumptions:**

The actuarial assumptions and methods have been modified since the determination of the prior year's net pension liability. These new assumptions were adopted in conjunction with an actuarial experience study.

The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

**Changes of Benefit Terms:**

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

**Texas Public School Retired Employees Group Insurance Program (TRS-Care):**

**Changes of Assumptions:**

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

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

**Changes of Benefit Terms:**

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

## **OTHER SUPPLEMENTARY INFORMATION**

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

Data Control Codes		211	212	224	225
		ESEA I, A Improving Basic Program	ESEA Title I Part C Migrant	IDEA - Part B Formula	IDEA - Part B Preschool
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	90,958	-	35,986	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	87	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 90,958</u>	<u>\$ 87</u>	<u>\$ 35,986</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	28,397	-	32,241	-
2170	Due to Other Funds	59,293	87	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	3,268	-	3,745	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>90,958</u>	<u>87</u>	<u>35,986</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 90,958</u>	<u>\$ 87</u>	<u>\$ 35,986</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	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 Title IV, Part A Subpart 1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61,798	-	16,557	7,630	-	149,536	-	8,301
154,220	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,173	-	-	-	-	-	-	-
<u>\$ 246,191</u>	<u>\$ -</u>	<u>\$ 16,557</u>	<u>\$ 7,630</u>	<u>\$ -</u>	<u>\$ 149,536</u>	<u>\$ -</u>	<u>\$ 8,301</u>
\$ 4,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28,903	-	2,326	-	-	14,240	-	898
-	-	14,010	7,630	-	133,636	-	7,298
-	-	-	-	-	-	-	-
610	-	221	-	-	1,660	-	105
72,711	-	-	-	-	-	-	-
<u>106,271</u>	<u>-</u>	<u>16,557</u>	<u>7,630</u>	<u>-</u>	<u>149,536</u>	<u>-</u>	<u>8,301</u>
30,173	-	-	-	-	-	-	-
109,747	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>139,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 246,191</u>	<u>\$ -</u>	<u>\$ 16,557</u>	<u>\$ 7,630</u>	<u>\$ -</u>	<u>\$ 149,536</u>	<u>\$ -</u>	<u>\$ 8,301</u>

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

Data Control Codes		314	364	379	410
		SSA	SSA - IDEA B	SHARS	Instructional
		IDEA, Part B	Formula	SSA	Materials
		Preschool	ARP Act		Allotment
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	10,422	11,742	-	120,280
1260	Due from Other Funds	-	406	76,501	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 10,422</u>	<u>\$ 12,148</u>	<u>\$ 76,501</u>	<u>\$ 120,280</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	9,828	-	-	120,280
2180	Due to Other Governments	594	12,148	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>10,422</u>	<u>12,148</u>	<u>-</u>	<u>120,280</u>
<b>FUND BALANCES</b>					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	76,501	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>76,501</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 10,422</u>	<u>\$ 12,148</u>	<u>\$ 76,501</u>	<u>\$ 120,280</u>

429 School Safety & Security	437 SSA Special Education	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,008,731	\$ 29,161	\$ 1,037,892
11,588	-	-	524,798
-	-	46,750	277,877
-	-	-	87
-	-	-	30,173
<u>\$ 11,588</u>	<u>\$ 1,008,731</u>	<u>\$ 75,911</u>	<u>\$ 1,870,827</u>
\$ -	\$ 6,218	\$ -	\$ 10,265
-	117,692	-	224,697
11,588	8,571	3,326	375,547
-	-	-	12,742
-	2,372	-	11,981
-	-	-	72,711
<u>11,588</u>	<u>134,853</u>	<u>3,326</u>	<u>707,943</u>
-	-	-	30,173
-	873,878	-	1,060,126
-	-	72,585	72,585
<u>-</u>	<u>873,878</u>	<u>72,585</u>	<u>1,162,884</u>
<u>\$ 11,588</u>	<u>\$ 1,008,731</u>	<u>\$ 75,911</u>	<u>\$ 1,870,827</u>



BORGER 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	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	488,257	87	574,842	8,878
5020 Total Revenues	488,257	87	574,842	8,878
EXPENDITURES:				
Current:				
0011 Instruction	488,257	87	574,842	8,878
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	488,257	87	574,842	8,878
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	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 Title IV, Part A Subpart 1
\$ 198,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41,151	-	-	-	-	-	-	-
1,006,813	29,972	76,428	34,135	862,305	1,290,139	142,460	34,934
1,246,484	29,972	76,428	34,135	862,305	1,290,139	142,460	34,934
-	29,972	76,428	34,135	437,728	504,027	142,460	26,621
-	-	-	-	-	4,185	-	-
-	-	-	-	-	4,185	-	1,778
-	-	-	-	-	761	-	-
-	-	-	-	-	18,984	-	5,594
-	-	-	-	-	22,983	-	-
-	-	-	-	-	32,687	-	-
-	-	-	-	38,882	5,326	-	-
-	-	-	-	-	9,891	-	-
1,097,234	-	-	-	-	18,261	-	-
-	-	-	-	-	2,663	-	-
-	-	-	-	-	7,598	-	941
169,448	-	-	-	342,100	655,544	-	-
-	-	-	-	43,595	-	-	-
-	-	-	-	-	3,044	-	-
-	-	-	-	-	-	-	-
1,266,682	29,972	76,428	34,135	862,305	1,290,139	142,460	34,934
(20,198)	-	-	-	-	-	-	-
160,118	-	-	-	-	-	-	-
\$ 139,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BORGER 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	314 SSA IDEA, Part B Preschool	364 SSA - IDEA B Formula ARP Act	379 SHARS SSA	410 Instructional Materials Allotment
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	181,774
5900 Federal Program Revenues	34,342	154,608	560,309	-
5020 Total Revenues	34,342	154,608	560,309	181,774
EXPENDITURES:				
Current:				
0011 Instruction	-	-	-	181,774
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	44,813	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	34,342	154,608	515,496	-
6030 Total Expenditures	34,342	154,608	560,309	181,774
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	76,501	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 76,501	\$ -

429 School Safety & Security	437 SSA Special Education	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,633,227	\$ 129,149	\$ 1,960,896
61,035	93,048	-	377,008
-	-	-	5,298,509
61,035	1,726,275	129,149	7,636,413
5,813	835,626	137,159	3,483,807
-	-	11,412	15,597
-	144,340	-	150,303
-	-	-	45,574
-	-	-	24,578
-	705,651	-	728,634
-	-	-	32,687
-	-	-	44,208
-	-	-	9,891
-	-	-	1,115,495
-	-	25,574	28,237
-	14,080	-	22,619
24,116	2,700	-	1,193,908
31,106	-	-	74,701
-	-	-	3,044
-	459,746	-	1,164,192
61,035	2,162,143	174,145	8,137,475
-	(435,868)	(44,996)	(501,062)
-	1,309,746	117,581	1,663,946
\$ -	\$ 873,878	\$ 72,585	\$ 1,162,884

## **REQUIRED TEA SCHEDULES**

BORGER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2023

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2014 and prior years	Various	Various	\$ Various
2015	1.040000	0.283900	591,086,335
2016	1.040000	0.270000	709,460,076
2017	1.040000	0.260000	951,528,538
2018	1.040000	0.412260	1,014,351,504
2019	1.040000	0.412900	1,021,344,690
2020	0.970000	0.412900	1,003,867,525
2021	0.966400	0.412900	939,276,590
2022	0.936400	0.412900	969,741,125
2023 (School year under audit)	0.854600	0.412900	739,508,876
1000 TOTALS			

(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
\$ 119,834	\$ -	\$ 10,341	\$ 2,624	\$ (20,739)	\$ 86,130
30,414	-	3,700	1,010	(385)	25,319
38,891	-	4,913	1,276	(794)	31,908
37,678	-	3,768	942	(1,250)	31,718
62,263	-	6,019	2,389	(2,235)	51,620
88,212	-	8,441	3,351	(5,446)	70,974
109,351	-	12,207	5,196	(9,272)	82,676
153,792	-	13,022	5,563	(16,078)	119,129
284,123	-	57,349	25,286	(19,664)	181,824
-	11,139,059	6,051,790	4,696,508	(128,464)	262,297
<u>\$ 924,558</u>	<u>\$ 11,139,059</u>	<u>\$ 6,171,550</u>	<u>\$ 4,744,145</u>	<u>\$ (204,327)</u>	<u>\$ 943,595</u>

BORGER 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		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 60,000	\$ 60,000	\$ 198,520	\$ 138,520
5800 State Program Revenues	9,095	9,095	41,151	32,056
5900 Federal Program Revenues	1,151,771	1,201,771	1,006,813	(194,958)
5020 Total Revenues	1,220,866	1,270,866	1,246,484	(24,382)
EXPENDITURES:				
Current:				
0035 Food Services	1,074,366	1,099,366	1,097,234	2,132
0051 Facilities Maintenance and Operations	196,500	171,500	169,448	2,052
6030 Total Expenditures	1,270,866	1,270,866	1,266,682	4,184
1200 Net Change in Fund Balances	(50,000)	-	(20,198)	(20,198)
0100 Fund Balance - September 1 (Beginning)	160,118	160,118	160,118	-
3000 Fund Balance - August 31 (Ending)	\$ 110,118	\$ 160,118	\$ 139,920	\$ (20,198)



BORGER 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		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,266,238	\$ 4,266,238	\$ 4,945,184	\$ 678,946
5800 State Program Revenues	-	-	173,421	173,421
5020 Total Revenues	4,266,238	4,266,238	5,118,605	852,367
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	1,575,000	1,575,000	1,575,000	-
0072 Interest on Long-Term Liabilities	2,511,238	2,511,238	2,511,238	-
0073 Bond Issuance Cost and Fees	180,000	180,000	19,821	160,179
6030 Total Expenditures	4,266,238	4,266,238	4,106,059	160,179
1200 Net Change in Fund Balances	-	-	1,012,546	1,012,546
0100 Fund Balance - September 1 (Beginning)	1,536,898	1,536,898	1,536,898	-
3000 Fund Balance - August 31 (Ending)	\$ 1,536,898	\$ 1,536,898	\$ 2,549,444	\$ 1,012,546

BORGER INDEPENDENT SCHOOL DISTRICT  
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS  
 FOR THE YEAR ENDED AUGUST 31, 2023

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**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.	2,205,665
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	1,576,188

**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.	135,822
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	94,057

**REPORTS ON COMPLIANCE, INTERNAL CONTROL,  
AND FEDERAL AWARDS**



## **BROWN, GRAHAM & COMPANY, P.C.**

**Certified Public Accountants**

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### **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***

#### **INDEPENDENT AUDITOR'S REPORT**

##### **Board of Trustees**

##### **Borger Independent School District**

##### **Borger, Texas**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Borger Independent School District (the "District") as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2023.

##### **Report On Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during the audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2023-001 that we considered to be a significant deficiency.

### **Report On Compliance and Other Matters**

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

### **The District's Responses to Our Findings**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs as well as the letter from the District on page 108 of this report. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

We noted certain other matters that we have reported to management of the District in a separate letter dated December 14, 2023.

### **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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Brown, Graham & Company, P.C.***

Amarillo, Texas  
December 14, 2023



# **BROWN, GRAHAM & COMPANY, P.C.**

**Certified Public Accountants**

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## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

### **INDEPENDENT AUDITOR'S REPORT**

**Board of Trustees  
Borger Independent School District  
Borger, Texas**

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

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

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

In our opinion, the District complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control Over Compliance**

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**Board of Trustees  
Borger Independent School District  
Page three**

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

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

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

***Brown, Graham & Company, P.C.***

Amarillo, Texas  
December 14, 2023



**BORGER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**Section I: Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Are any significant deficiencies identified?	_____ <u>X</u> Yes	_____ No
Is any noncompliance material to the financial statements identified?	_____ Yes	_____ <u>X</u> No

**Federal Awards**

Internal control over major federal programs:

Are any material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Are any significant deficiencies identified?	_____ Yes	_____ <u>X</u> No
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <u>X</u> No

Identification of major federal programs:

CFDA Number(s): #84.425D (COVID 19 Funding) #84.425U (COVID 19 Funding) #84.027 #84.173A #84.027X (COVID 19 Funding)	Name of federal program or cluster: Elementary & Secondary School Emergency Relief - ESSER II Elementary & Secondary School Emergency Relief - ESSER III SSA - IDEA, Part B, Formula SSA - IDEA, Part B, Preschool SSA - IDEA, Part B, Formula - American Rescue Plan (ARP)
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Dollar threshold used to distinguish between type A and type B programs:	_____ \$750,000
Auditee qualified as a low-risk auditee?	_____ <u>X</u> Yes _____ No

**Section II: Financial Statement Findings:**

There was a financial statement finding for the year ended August 31, 2023 described as item 2023-001 below.

**Section III: Federal Awards Findings:**

There were no federal awards findings for the year ended August 31, 2023.

**BORGER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED AUGUST 31, 2023**

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards**

**Finding 2023-001 – Significant Deficiency – Audit Adjustments**

*Criteria:* The District's responsibility for internal control over financial reporting extends to the correct reporting in the annual financial statements. The District's internal controls over financial reporting should be sufficient to assure that there is less than a remote likelihood that the District's annual financial statements, before audit, are materially misstated.

*Condition:* During our audit we noted that various accounts on the general ledger needed to be adjusted. Some of the adjusting entries we proposed during our audit of the District were deemed to be material to the District's financial statements. The most significant audit adjustments proposed were related to adjusting activity for some of the District's Special Revenue Funds primarily related to the reversing of prior year accrued expenses and adjusting the amount of a transfer from the General Fund to the Capital Projects Fund to clear remaining fund balance.

*Context:* Audit adjustments were recommended by us for various District Funds, that if not made during the preparation of a draft of the District's financial statements would have resulted in material misstatements on the District's financial statements for some of the District's Special Revenue Funds.

*Effect or Potential Effect:* Audit adjustments were recommended during the audit, some of which were deemed material to the District's financial statements.

*Cause:* The District did not have sufficient internal controls in place to prevent the need for some of the adjusting entries to be recommended as a part of the audit engagement.

*Recommendation:* We recommend the District review the nature of the adjusting entries that were recommended by us during the audit, and attempt to identify and adjust the accounting records for these types of items in the future.

*Views of Responsible Official:* The District's official response can be found in the attached "Borger Independent School District's Response Letter to Audit Findings" that accompanies this report on page 108.

*Planned Implementation Date of Corrective Action:* Fiscal year ended 2024.

*District Personnel Responsible for Corrective Action:* Chance Welch, Superintendent, and Shannon Trenfield, Business Manager.

**BORGER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2023**

**Finding 2022-001 – Significant Deficiency –Audit Adjustments**

*Condition:* During our audit we noted that various accounts on the general ledger needed to be adjusted. The adjusting entries we proposed during our audit of the District, not all of which were material individually, were deemed in the aggregate to be material to the District's financial statements. The most significant audit adjustments proposed were related to adjusting activity for several of the District's Special Revenue Funds, recognizing capital outlays and related accounts payable, and recording a transfer to the Capital Projects Fund to clear negative ending fund balance.

*Current Status:* During our audit of the District's financial statements for the year ended August 31, 2023, we noted that various accounts on the general ledger needed to be adjusted. Some of the adjusting entries we proposed during our audit were deemed to be material to the District's financial statements. The most significant audit adjustments proposed were related to adjusting activity for some of the District's Special Revenue Funds primarily related to the reversing of prior year accrued expenses and adjusting the amount of a transfer from the General Fund to the Capital Projects Fund to clear remaining fund balance. We noted however, that the nature and types of adjusting entries needed to prepare the District's financial statements for the fiscal year ended August 31, 2023, had less of an overall impact on the District's financial statements than in the previous year.

**BORGER INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2023**

**Finding 2023-001 – Significant Deficiency – Audit Adjustments**

The District's corrective action plan for this finding can be found on the District's response letter on page 108 of this report.

BORGER 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
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874	84.041	75-6000466	\$ 23,787
Total Direct Programs			<u>23,787</u>
<u>Passed Through Region XVI Education Service Center</u>			
ESEA, Title I, Part C - Migratory Children	84.011	23615001188950	87
Total Passed Through Region XVI Education Service Center			<u>87</u>
<u>Passed Through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101117901	488,257
*SSA - IDEA - Part B, Formula	84.027	236600011179016000	1,221,540
*COVID-19-SSA - IDEA, B, Formula - ARP	84.027X	225350011179015350	154,608
Total Assistance Listing Number 84.027			<u>1,376,148</u>
*SSA - IDEA - Part B, Preschool	84.173A	236610011179016000	34,342
Total Special Education Cluster (IDEA)			<u>1,410,490</u>
Career and Technical - Basic Grant	84.048A	23420006117901	29,972
Title III, Part A - English Language Acquisition	84.365A	23671001117901	34,135
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501117901	76,428
*COVID-19-Elementary & Secondary School Emergency Relief II	84.425D	21521001117901	862,305
*COVID-19-Elementary & Secondary School Emergency Relief	84.425U	21528001117901	1,290,139
Total Assistance Listing Number 84.425			<u>2,152,444</u>
LEP Summer School	84.369A	69552202	2,918
ESEA, Title IV, Part A, Subpart 1	84.424A	23680101117901	32,016
Total Passed Through Texas Education Agency			<u>4,226,660</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>4,250,534</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402301	171,133
*National School Lunch Program - Cash Assistance	10.555	71302301	772,227
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302301	63,453
Total Assistance Listing Number 10.555			<u>835,680</u>
Total Child Nutrition Cluster			<u>1,006,813</u>
Total Passed Through the Texas Department of Agriculture			<u>1,006,813</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>1,006,813</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,257,347</u>
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**BORGER INDEPENDENT SCHOOL DISTRICT**  
**NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2023**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* ("Resource Guide"). Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds are accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the Balance Sheet – Governmental Funds. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures are made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. According to the Resource Guide, funds received from the School Health and Related Services (SHARS) program represent reimbursements to the District for school health based services which are not already provided to special education students enrolled in the Medicaid Program, and, consequently, these revenues in the amount of \$775,688 are not to be considered federal financial assistance for inclusion in the Schedule of Expenditures of Federal Awards ("SEFA"). These revenues are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds in the General Fund column in the amount of \$215,379 and in the Nonmajor Funds column in the amount of \$560,309. Of the amount reported in the Nonmajor Fund column, the entire \$560,309 is reported in fund 379.
4. Borger ISD is the fiscal agent for funds received under various Shared Service Arrangements (SSA's). The federal funds received under the SSA's involve the IDEA Part B, Formula, IDEA Part B, Preschool grants, and the IDEA, Part B, Formula under the American Recovery Plan (ARP). In accordance with the accounting requirements under TEA's Resource Guide, the District accounts for these grant funds in fund numbers 313, 314, and 364, respectively. The total funds received for all member districts of the SSA's are shown as federal revenue and expenditures in these funds. In addition, in accordance with TEA's Resource Guide, the District also accounts for its proportionate share of these grant funds in fund numbers 224, 225, and 284, respectively. For purposes of the determination of Single Audit requirements under Office of Management and Budget's Uniform Guidance, the amounts reported in funds 224, 225, and 284 in the amounts of \$574,842, \$8,878, and \$142,460, respectively, along with the SHARS revenues discussed in Note 3 above are excluded from the calculation. If amounts accounted for in funds 224, 225, and 284 were included in the calculation of federal expenditures for purposes of the Uniform Guidance, they would be counted twice. The amounts reported in funds 224, 225, and 284 are also excluded from being reported on the SEFA.
5. The District has elected not to use the 10% de-minimus indirect cost rate.

# Borger Independent School District



200 East Ninth, Borger, TX 79007 [www.borgerisd.net](http://www.borgerisd.net) 806-273-1016 Fax 806-273-4341

Big Opportunities — Small School Setting

December 14, 2023

Brown, Graham and Company, P.C.

Mr. Gary Brown

This letter will serve as the district's response to the significant deficiency finding performed during the 2023 external audit. The finding of 2023-001 Significant Audit Adjustments was on various District Special Revenue Funds and the Capital Projects Fund. The most significant adjustments are related to adjusting activity for several of the District's Special Revenue Funds, recognizing capital outlays and related accounts payable, and recording a transfer to the Capital Projects Fund to clear negative ending fund balance.

In fiscal year 2023, the Capital Projects Fund was depleted and should not have any adjustments during audit in subsequent fiscal years.

The District will record the proper adjusting entries to Special Revenue Funds prior to sending files to the auditors.

Borger Independent School District  
Mr. Chance Welch, Superintendent  
Mrs. Shannon Trenfield, Director of Finance

It is the policy of Borger ISD not to discriminate on the basis of age, race, religion, color, national origin, sex or handicap in its programs, services or activities as required by Title VI of the Civil Rights Act of 1964, as amended; Title IX of the Education Amendments of 1972; and Section 504 of the Rehabilitation Act of 1973, as amended. Inquiries regarding compliance and/or grievance procedures may be directed to the school district's Title IX officer, Michael Cano, 200 East Ninth, Borger, TX, 79007, (806) 273-1006 and/or Section 504/ADA Coordinator, Amy Blansett, 200 East Ninth, Borger, TX 79007, (806) 273-1016.

Es la póliza de Borger ISD de no discriminar por motivos de raza, edad, religión, color, origen nacional, sexo o impedimento en sus programas, servicios o actividades según requerido por el Título VI de la Ley de Derechos Civiles de 1964, según enmienda; el Título IX de las Enmiendas de Educación de 1972; y la Sección 504 de la Ley de Rehabilitación de 1973, según enmienda. Preguntas con respecto al cumplimiento y/o procedimientos de queja pueden ser dirigidas al oficial del Título IX, Michael Cano, 200 East Ninth, Borger, TX, 79007, (806) 273-1006 y/o al Coordinador de la Sección 504/ADA del distrito escolar, Amy Blansett, 200 East Ninth, Borger, TX 79007, (806) 273-1016.