BOVINA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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

BOVINA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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CERTIFICATE OF BOARD

BOVINA INDEPENDENT SCHOOL DISTRICT	**PARMER**	**185-901**
Name of School District	**County**	**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 June 30, 2023 at a meeting of the Board of Trustees of such school district on the 10th day of October, 2023.

Signature of Board Secretary

Signature of Board President

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

BROWN, GRAHAM & COMPANY, P.C.
Certified Public Accountants
PO Box 20210 · Amarillo, Texas 79114
7431 Continental Pkwy · Amarillo, Texas 79119
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UNMODIFIED OPINION ON GOVERNMENTAL 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
Bovina Independent School District
Bovina, 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 Bovina Independent School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Bovina Independent School District as of June 30, 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 General Fund budgetary comparison information on page 55, and the pension and OPEB schedules and related notes on pages 56 through 64, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 October 10, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brown, Graham & Company, P.C.

Amarillo, Texas
October 10, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

Bovina Independent School District

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the administrators of Bovina Independent School District (the "District"), discuss and analyze the District's financial performance for the year ended June 30, 2023. Please read it in conjunction with the independent auditors' 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. 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.

Governmental fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, 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 sections labeled Required TEA Schedules and Reports on Compliance, Internal Control, 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. The Other Supplementary Information section provides detailed information on the District's non-major funds.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations follows. Its primary purpose is to show whether the District is better 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 at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting, which is the basis used by most private sector companies.

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

These two statements report the District's net position and changes in 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, we show the District has the following activities:

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 most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements 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 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).

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and scholarship programs. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Fund Net Position. 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 1) and changes in net position (Table 2) of the District's governmental activities.

Net position of the District's governmental activities increased from $9,562,031 to $10,073,105. Unrestricted net position (the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, or other legal requirements) was $1,625,399 at June 30, 2023. This increase in governmental net position resulted primarily from an increase in revenues from property taxes and investment earnings. The District's total activities for the fiscal year ended June 30, 2023, resulted in an increase in net position of $511,074.

TABLE 1
THE DISTRICT'S NET POSITION

	Governmental Activities 2023	Governmental Activities 2022
Current and other assets	$ 7,375,209	$ 6,907,108
Capital assets	8,278,314	7,434,938
Total assets	15,653,523	14,342,046
Deferred outflows of resources	1,356,150	1,101,643
Total deferred outflows of resources	1,356,150	1,101,643
Current and other liabilities	1,638,209	563,102
Noncurrent liabilities	2,877,948	2,812,316
Total liabilities	4,516,157	3,375,418
Deferred inflows of resources	2,420,411	2,506,240
Total deferred inflows of resources	2,420,411	2,506,240
Net position:		
Net investment in capital assets	8,278,314	7,434,938
Restricted for federal and state programs	169,371	206,580
Restricted for capital projects	21	21
Unrestricted net position	1,625,399	1,920,492
Total net position	$ 10,073,105	$ 9,562,031

TABLE 2
CHANGES IN THE DISTRICT'S NET POSITION

	Governmental Activities 2023	Governmental Activities 2022
Revenues:		
Program revenues:		
Charges for services	$ 111,236	$ 75,615
Operating grants and contributions	1,232,271	1,261,868
General revenues:		
Property taxes	1,201,050	1,162,116
State aid - formula grants	4,538,082	4,806,850
Investment earnings	189,674	6,565
Total revenues	7,272,313	7,313,014
Expenses:		
Instruction	3,673,376	3,661,238
Instructional resources and media services	48,650	42,108
Curriculum and staff development	19,857	7,862
Instructional leadership	51,511	55,479
School leadership	362,945	348,132
Guidance, counseling, and evaluation services	93,579	93,543
Social work services	43,991	42,396
Health services	51,024	55,464
Student (pupil) transportation	198,908	177,973
Food services	481,961	432,199
Extracurricular activities	435,405	433,965
General administration	388,029	414,631
Facilities maintenance and operation	753,557	724,757
Security and monitoring services	31,750	21,594
Data processing services	27,122	25,185
Capital outlay	926	-
Payments related to shared service arrangements	73,131	52,427
Other intergovernmental charges	25,517	24,385
Total expenses	6,761,239	6,613,338
Change in net position	511,074	699,676
Net position at beginning of year	9,562,031	8,862,355
Net position at end of year	$ 10,073,105	$ 9,562,031

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of $5,684,410, which is $610,543 less than last year's total of $6,294,953. The primary reason for the decrease is the District’s State formula grant revenues received.

The District's General Fund balance of $5,481,915 differs from the General Fund's budgetary fund balance of $6,029,229 reported in the budgetary comparison schedule at Exhibit G-1. This is principally due to lower than expected revenues, primarily state program revenues, as well as higher expenditures, primarily in the category of facilities acquisition and construction.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had $16,819,135 invested in a broad range of capital assets, including land, facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of $1,211,399 from last year excluding the effects of accumulated depreciation.

Following is a comparison of the District’s capital assets for the fiscal years ending June 30, 2023 and 2022:

THE DISTRICT’S CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2023	Governmental Activities 2022
Land	$ 37,305	$ 37,305
Construction in progress	926,163	-
Buildings and improvements	6,849,903	6,918,695
Furniture and equipment	464,943	478,938
Total capital assets, net of accumulated depreciation	$ 8,278,314	$ 7,434,938

This year's capital asset additions included:

HVAC equipment	$ 211,530
House improvements	22,177
Roofing project	926,163
Mower	11,608
Other equipment	11,880
Kitchen equipment	28,041
Total capital asset additions	$ 1,211,399

POST EMPLOYMENT BENEFIT ACCOUNTING AND REPORTING

During a prior year the District implemented Governmental Accounting Standards Board (GASB) Statement Numbers 68, 71, and 75. These GASB statements significantly changed how governmental entities account for and report pension and other post-employment benefit activity. Note II (I) to the financial statements includes a detail description of the impact of GASB 68 and 71 on the District's financial statements related to pension plan activity. Note II (K) includes a detail description of the impact of GASB 75 on the District's financial statements related to other post-employment benefit plan obligations.

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. With the uncertainty of what state revenue would be available, conservative estimates were used during final budget planning. In regard to capital improvements to facilities and increased technology expenses, improvements will be considered at a time when we can reasonably estimate what our funding will be for the 2023-2024 school year. Should revenues be lower than expected, we will make the necessary adjustments throughout the year to not generate a fund deficit. If we are in need of emergency funds, we would allocate funds from our fund balance and make the necessary adjustments for future budgets.

The District's tax rate was decreased to $0.6692 per $100 valuation for 2023-2024. Estimated available amounts for the General Fund Budget are $6,332,052, a decrease of $28,796 from the final 2023 actual revenues of $6,360,848. Budgeted expenditures are expected to be $6,304,229, $633,926 lower than the final 2023 actual expenditures of $6,938,155. The District will use its revenue to finance programs we currently offer. Funding for any additional capital projects will come from our fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Bovina Independent School District, 500 Halsell Street, Bovina, Texas.

BOVINA INDEPENDENT SCHOOL DISTRICT

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A-1

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

Data Control Codes			Primary Government: Governmental Activities
	ASSETS		
1110	Cash and Cash Equivalents	$	4,979,816
1120	Current Investments		1,762,776
1220	Property Taxes - Delinquent		123,020
1230	Allowance for Uncollectible Taxes		(65,370)
1240	Due from Other Governments		518,665
1267	Due from Fiduciary Funds		33,124
1290	Other Receivables, Net		7,902
1410	Prepayments		15,276
	Capital Assets:		
1510	Land		37,305
1520	Buildings, Net		6,849,903
1530	Furniture and Equipment, Net		464,943
1580	Construction in Progress		926,163
1000	Total Assets		15,653,523
	DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred Outflow Related to TRS Pension		651,622
1706	Deferred Outflow Related to TRS OPEB		704,528
1700	Total Deferred Outflows of Resources		1,356,150
	LIABILITIES		
2110	Accounts Payable		895,738
2150	Payroll Deductions and Withholdings		104
2160	Accrued Wages Payable		479,728
2180	Due to Other Governments		194,436
2200	Accrued Expenses		68,203
	Noncurrent Liabilities:		
2540	Net Pension Liability (District's Share)		1,627,750
2545	Net OPEB Liability (District's Share)		1,250,198
2000	Total Liabilities		4,516,157
	DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflow Related to TRS Pension		158,238
2606	Deferred Inflow Related to TRS OPEB		2,262,173
2600	Total Deferred Inflows of Resources		2,420,411
	NET POSITION		
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets		8,278,314
	Restricted:		
3820	Restricted for Federal and State Programs		169,371
3860	Restricted for Capital Projects		21
3900	Unrestricted		1,625,399
3000	Total Net Position	$	10,073,105

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

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

Data Control Codes		1	3	4	6
			Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:					
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 3,673,376	$ 11,768	$ 468,743	$ (3,192,865)
12	Instructional Resources and Media Services	48,650	-	836	(47,814)
13	Curriculum and Instructional Staff Development	19,857	-	15,446	(4,411)
21	Instructional Leadership	51,511	-	10,048	(41,463)
23	School Leadership	362,945	-	6,469	(356,476)
31	Guidance, Counseling, and Evaluation Services	93,579	-	1,617	(91,962)
32	Social Work Services	43,991	-	896	(43,095)
33	Health Services	51,024	-	74,710	23,686
34	Student (Pupil) Transportation	198,908	-	1,747	(197,161)
35	Food Services	481,961	35,876	428,666	(17,419)
36	Extracurricular Activities	435,405	52,647	2,033	(380,725)
41	General Administration	388,029	-	4,500	(383,529)
51	Facilities Maintenance and Operations	753,557	10,945	13,924	(728,688)
52	Security and Monitoring Services	31,750	-	5,795	(25,955)
53	Data Processing Services	27,122	-	-	(27,122)
81	Capital Outlay	926	-	196,841	195,915
93	Payments Related to Shared Services Arrangements	73,131	-	-	(73,131)
99	Other Intergovernmental Charges	25,517	-	-	(25,517)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 6,761,239	$ 111,236	$ 1,232,271	(5,417,732)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	1,201,050
SF	State Aid - Formula Grants	4,538,082
IE	Investment Earnings	189,674
TR	Total General Revenues	5,928,806
CN	Change in Net Position	511,074
NB	Net Position - Beginning	9,562,031
NE	Net Position - Ending	$ 10,073,105

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

FUND FINANCIAL STATEMENTS

EXHIBIT C-1

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

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 4,779,767	$ 200,049	$ 4,979,816
1120	Investments - Current	1,762,776	-	1,762,776
1220	Property Taxes - Delinquent	123,020	-	123,020
1230	Allowance for Uncollectible Taxes	(65,370)	-	(65,370)
1240	Due from Other Governments	451,584	67,081	518,665
1260	Due from Other Funds	71,617	33,124	104,741
1290	Other Receivables	7,902	-	7,902
1410	Prepayments	15,276	-	15,276
1000	Total Assets	$ 7,146,572	$ 300,254	$ 7,446,826
	LIABILITIES			
2110	Accounts Payable	$ 879,183	$ 16,555	$ 895,738
2150	Payroll Deductions and Withholdings Payable	104	-	104
2160	Accrued Wages Payable	473,010	6,718	479,728
2170	Due to Other Funds	-	71,617	71,617
2180	Due to Other Governments	194,436	-	194,436
2200	Accrued Expenditures	65,334	2,869	68,203
2000	Total Liabilities	1,612,067	97,759	1,709,826
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes	52,590	-	52,590
2600	Total Deferred Inflows of Resources	52,590	-	52,590
	FUND BALANCES			
	Nonspendable Fund Balance:			
3430	Prepaid Items	15,276	-	15,276
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	169,371	169,371
3470	Capital Acquisition and Contractural Obligation	21	-	21
	Committed Fund Balance:			
3510	Construction	727,048	-	727,048
3530	Capital Expenditures for Equipment	122,843	-	122,843
3545	Other Committed Fund Balance	-	33,124	33,124
3600	Unassigned Fund Balance	4,616,727	-	4,616,727
3000	Total Fund Balances	5,481,915	202,495	5,684,410
4000	Total Liabilities, Deferred Inflows & Fund Balances	$ 7,146,572	$ 300,254	$ 7,446,826

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

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

EXHIBIT C-2

	Total Fund Balances - Governmental Funds	$	5,684,410
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 \$15,607,736 and the accumulated depreciation was (\$8,172,798). The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position.		7,434,938
2	Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2023 capital outlays is to increase net position.		1,211,399
3	2023 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(368,023)
4	Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a deferred resource outflow in the amount of \$291,875, a deferred resource inflow in the amount of \$794,093 and a net pension liability in the amount of \$676,080. The impact of this on net position is (\$1,178,298). Changes from the current year reporting of the TRS plan resulted in an increase in net position in the amount of \$43,932. 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 (\$1,134,366).		(1,134,366)
5	Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the beginning of the year, the net position related to TRS-Care was a deferred resource outflow in the amount of \$809,768, a deferred resource inflow in the amount of \$1,712,147 and a net OPEB liability in the amount of \$2,136,236. The impact of this on net position is (\$3,038,615). Changes from the current year reporting of the TRS-Care plan resulted in an increase in net position in the amount of \$230,772. 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 (\$2,807,843).		(2,807,843)
6	Reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes recognizing unavailable revenue from property taxes as revenue in the amount of \$52,590. The effect of this recognition is to increase net position.		52,590
19	**Net Position of Governmental Activities**	$	10,073,105

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

EXHIBIT C-3

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

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 1,429,571	$ 68,852	$ 1,498,423
5800	State Program Revenues	4,857,527	20,929	4,878,456
5900	Federal Program Revenues	73,750	1,056,661	1,130,411
5020	Total Revenues	6,360,848	1,146,442	7,507,290
	EXPENDITURES:			
	Current:			
0011	Instruction	3,548,827	411,027	3,959,854
0012	Instructional Resources and Media Services	51,772	-	51,772
0013	Curriculum and Instructional Staff Development	4,353	15,446	19,799
0021	Instructional Leadership	46,255	9,340	55,595
0023	School Leadership	398,372	-	398,372
0031	Guidance, Counseling, and Evaluation Services	103,667	-	103,667
0032	Social Work Services	47,707	145	47,852
0033	Health Services	55,534	-	55,534
0034	Student (Pupil) Transportation	169,116	-	169,116
0035	Food Services	-	502,658	502,658
0036	Extracurricular Activities	314,575	28,096	342,671
0041	General Administration	412,968	-	412,968
0051	Facilities Maintenance and Operations	691,099	10,412	701,511
0052	Security and Monitoring Services	26,361	5,714	32,075
0053	Data Processing Services	27,122	-	27,122
	Capital Outlay:			
0081	Facilities Acquisition and Construction	941,779	196,840	1,138,619
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of SSA	73,131	-	73,131
0099	Other Intergovernmental Charges	25,517	-	25,517
6030	Total Expenditures	6,938,155	1,179,678	8,117,833
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(577,307)	(33,236)	(610,543)
	OTHER FINANCING SOURCES (USES):			
7915	Transfers In	-	907	907
8911	Transfers Out (Use)	(907)	-	(907)
7080	Total Other Financing Sources (Uses)	(907)	907	-
1200	Net Change in Fund Balances	(578,214)	(32,329)	(610,543)
0100	Fund Balance - July 1 (Beginning)	6,060,129	234,824	6,294,953
3000	Fund Balance - June 30 (Ending)	$ 5,481,915	$ 202,495	$ 5,684,410

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

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

FOR THE YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds	$	(610,543)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2023 capital outlays is to increase net position.		1,211,399
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 net position.		(368,023)
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 increase the change in net position.		43,932
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 on reporting other post-employment benefit expense in accordance with GASB 75 is to increase the change in net position.		230,772
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 in the amount of $3,537. The net effect of these reclassifications and recognitions is to increase net position.		3,537
Change in Net Position of Governmental Activities	$	511,074

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

EXHIBIT E-1

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

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	$ -	$ 79,987
Due from Other Funds	2,647	-
Total Assets	2,647	$ 79,987
LIABILITIES		
Due to Other Funds	-	35,771
Total Liabilities	-	35,771
NET POSITION		
Restricted for Scholarships	2,647	-
Restricted for Other Purposes	-	44,216
Total Net Position	$ 2,647	$ 44,216

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

EXHIBIT E-2

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

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Miscellaneous Revenue - Student Activities	$ -	$ 98,460
Miscellaneous Additions	2,725	-
Total Additions	2,725	98,460
DEDUCTIONS:		
Supplies and Materials	-	96,271
Other Deductions	3,500	-
Total Deductions	3,500	96,271
Change in Fiduciary Net Position	(775)	2,189
Total Net Position - July 1 (Beginning)	3,422	42,027
Total Net Position - June 30 (Ending)	$ 2,647	$ 44,216

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

NOTES TO THE FINANCIAL STATEMENTS

BOVINA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bovina 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 and other authoritative sources identified in the *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 *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

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in the *Codification of Governmental Accounting and Financial Reporting Standards*. There are no component units included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding 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 most of the 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 and school lunch charges. 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 Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

The fund financial statements provide information 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 considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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, as does the fiduciary fund financial statement. 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. 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 un-matured 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 collectible within 60 days after year end except for state funding which is 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, that is, when they are both measurable and available. The District considers them available if they will be collected within 60 days of the end of the fiscal year. 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 deferred 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 fund:

> **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.

BOVINA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

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

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or committed for, specific purposes by the District or 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 Fund – 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 Fund exists with the explicit approval of, and is subject to revocation by, the District's Board of Trustees.

Private Purpose Trust Fund – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is a scholarship fund.

E. PENSIONS

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

F. OTHER POST EMPLOYMENT BENEFITS

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.

G. BUDGETARY DATA

The Board of Trustees adopts an appropriated budget for the General Fund and the Child Nutrition Program, a Special Revenue Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the Child Nutrition Program Budget report is in Exhibit J-2.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. BUDGETARY DATA (Continued)

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

3. Prior to July 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. 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.

H. OTHER ACCOUNTING POLICIES

1. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Resource Guide. The TEA requires school districts to display these codes in the basic financial statements filed with the Agency in order to ensure accuracy in building a statewide data base for policy development and funding plans.

2. The District records purchases of supplies as expenditures. If a material amount of supplies are on hand at the end of the year, their total cost is recorded as inventory and the fund balance is reported as non-spendable for the same amount. At June 30, 2023, the amount of supplies on hand was not material.

3. 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 the reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three years.

5. Employees of the District are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. No payments are made to an employee for unused sick leave or vacation. 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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. OTHER ACCOUNTING POLICIES (Continued)

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and improvement	10-50
Furniture and equipment	5-10

7. For the fiscal years from 1998 through 2014, the District met its statutory workers' compensation obligations through participation in West Texas Educational Insurance Association (the "Fund") which was administered by Claims Administrative Services, Inc. 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 districts 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 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 $750,000. For the year ended June 30, 2014, which was the last year that the District participated in the Fund, the Fund purchased excess coverage from Midwest Employers Casualty Company.

   The District's total unpaid claims related to its participation in the Fund as of July 1, 2022 were $3,837. The incurred claims during the year ended June 30, 2023, were $0, the claims paid during the year ended June 30, 2023 were $95, and the decrease in provisions for prior year claims was $1,305, resulting in the total unpaid claims at June 30, 2023 of $2,437. The amount of the unpaid claims which will be paid is not known but based on past activity; the amount of estimated claims incurred but not reported is $461. The District's maximum liability for the years it participated in the Fund is estimated to be $2,898, which includes both unpaid claims as well as claims incurred but not reported. These amounts are included in accrued expenditures on the governmental funds balance sheet.

   Since fiscal year 2015, the District has participated in the TASB Risk Management Fund as described in Note II (U).

8. 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) and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2023, the District reported $158,238 of deferred inflows pertaining to its pension plan as discussed in more detail in Note II (I), and $2,262,173 of deferred inflows pertaining to its OPEB obligations as discussed in Note II (K). Additionally, the District has one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting as a deferred inflow of resources. Accordingly, unavailable revenue from property taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. As of June 30, 2023, the District reported $52,590 of unavailable revenue from property taxes on the governmental funds balance sheet.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. OTHER ACCOUNTING POLICIES (Continued)

9. 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 it will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2023, the District reported $651,622 of deferred outflow of resources related to its pension plan as discussed in detail in Note II (I), and $704,528 of deferred outflows related to its OPEB obligations as discussed in Note II (K).

10. The amounts on the District's financial statements have been rounded individually; consequently, some columns may not total and some schedules may not agree due to this rounding.

11. 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. As the District does not have any outstanding debt, this is reported as investment in capital assets on the statement of net position. 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.

12. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

13. Prepaid expenses are the result of payment of insurance coverage for the subsequent year and as such are reported as non-spendable fund balance.

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) 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 obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas, (2) certificate of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers 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 tests procedures related to investment practices as provided by the Act. During the year ended June 30, 2023, the District had deposits in excess of FDIC coverage and pledged securities. Additional information is included in the schedule of findings and questioned costs beginning on page 83 of this report.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy that addresses the following risks:

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. For an investment this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District's policy provides that investments and deposits be collateralized by pledging of securities and/or Federal Deposit Insurance Corporation (FDIC) coverage. During various times throughout the year, including the District's highest cash balance date, the District's deposits exceeded the amount of pledged collateral and FDIC coverage. Below is a summary of the District's bank deposits as compared to the pledged securities and FDIC coverage as of the date of highest cash balance and June 30, 2023:

	3/24/2023	6/30/2023
Total bank deposits	$ 5,649,748	$ 5,249,631
FDIC insurance coverage available	(250,000)	(250,000)
Fair market value of pledged securities	(5,199,431)	(5,268,133)
(Excess) shortage of coverage	$ 200,317	$ (268,502)

The District also minimizes custodial credit risk by depositing funds in public investment pools that are on demand investment type vehicles.

Interest Rate Risk: Interest rate risk arises from investments in debt instruments and is defined as the risk that the change in interest rates will adversely affect the fair value of an investment. The District's policy provides that the maximum allowable stated maturity of any individual investment owned by the District shall not exceed one year from the time of purchase.

Concentration of Credit Risk: As of June 30, 2023, the District had the following investments:

Depository	Maturity	Investment	Credit Quality Rating
Lone Star Government Overnight Fund	On Demand	$ 1,762,776	AAA

The District maintains its investments in Lone Star which is a public investment pool. The funds seek to provide safety of principal, daily liquidity and the highest possible rate of return. The funds seek to maintain net asset value of one dollar, with its dollar-weighted average maturity 60 days or fewer. Although the District has the ability to withdraw cash from these funds immediately at net asset value, because the District uses these funds for future plans and not for daily operations, the funds are categorized as investments rather than cash and cash equivalents.

BOVINA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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 for maintenance are based on rates adopted for the year of the levy. Allowance for uncollectible taxes receivable within the General Fund is 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 RECEIVABLES AND TRANSFERS

Interfund balances on the fund financial statements as of June 30, 2023, consisted of the following amounts:

	Due From:		
Due to:	**Non-major Funds**	**Custodial Fund**	**Total**
General Fund	$ 71,617	$ -	$ 71,617
Non-major Funds	-	33,124	33,124
Private Purpose Trust Fund	-	2,647	2,647
Total	$ 71,617	$ 35,771	$ 107,388

The outstanding balances between funds result from temporary funding to cover timing differences between the dates that (1) interfund good or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. During the year ended June 30, 2023, the District transferred $907 from the General Fund to the Food Service Fund.

BOVINA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables on the fund financial statements as of June 30, 2023, were as follows:

	Property Taxes	Due from Other Governments	Other Receivables	Total Receivables
Governmental Funds:				
General Fund	$ 123,020	$ 451,584	$ 7,902	$ 582,506
Non-major Funds	-	67,081	-	67,081
Total - Governmental Funds	$ 123,020	$ 518,665	$ 7,902	$ 649,587
Amounts not scheduled for collection during the subsequent year	$ 65,370	$ -	$ -	$ 65,370

Payables on the fund financial statements as of June 30, 2023, were as follows:

	Accounts Payable	Salaries and Benefits	Accrued Expenditures	Due to Other Governments	Total Payables
General Fund	$ 879,183	$ 473,114	$ 65,334	$ 194,436	$ 1,612,067
Non-major Funds	16,555	6,718	2,869	-	26,142
Total - Governmental Funds	$ 895,738	$ 479,832	$ 68,203	$ 194,436	$ 1,638,209

F. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources on the fund financial statements as of June 30, 2023, consisted of the following:

	General Fund
Unavailable revenue - property taxes	$ 52,590

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

G. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 06/30/22	Additions	Retirements	Balance 06/30/23
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 37,305	$ -	$ -	$ 37,305
Construction in progress	-	926,163	-	926,163
Total capital assets, not being depreciated	37,305	926,163	-	963,468
Capital assets, being depreciated:				
Buildings and improvements	12,581,362	233,707	-	12,815,069
Furniture and equipment	2,989,069	51,529	-	3,040,598
Total capital assets being depreciated	15,570,431	285,236	-	15,855,667
Less: accumulated depreciation for:				
Buildings and improvements	5,662,667	302,499	-	5,965,166
Furniture and equipment	2,510,131	65,524	-	2,575,655
Total accumulated depreciation	8,172,798	368,023	-	8,540,821
Total capital assets, being depreciated, net	7,397,633	(82,787)	-	7,314,846
Governmental activities capital assets, net	$ 7,434,938	$ 843,376	$ -	$ 8,278,314

Depreciation expense charged to the governmental activities for the year ended June 30, 2023, was as follows:

Instruction	$ 107,679
Instructional resources & media services	100
Curriculum & instructional staff development	58
Guidance, counseling & evaluation services	43
Student (pupil) transportation	36,511
Food services	7,344
Cocurricular/extracurricular activities	106,057
General administration	8,275
Facilities maintenance and operations	101,956
Total depreciation expense	$ 368,023

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

H. FUND BALANCE

The District's fund balances for its governmental funds are presented in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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:

- Non-spendable – The non-spendable 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.

- 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.

- 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.

- 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 Trustees has delegated the authority to make assignments of fund balance amounts to the District's Superintendent or his designee.

- Unassigned – The unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance 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, or unassigned balances, the expenditures are charged to committed resources first, and then to unassigned resources as they are needed.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

H. FUND BALANCE (Continued)

The District reports the following categories of fund balance on the fund financial statements as of June 30, 2023:

	General Fund	Non-major Funds	Total
Nonspendable:			
Prepaid expenses	$ 15,276	$ -	$ 15,276
Restricted:			
Federal & State grant restrictions	-	169,371	169,371
Capital acquisition and contractual obligations	21	-	21
Committed:			
Construction	727,048	-	727,048
Capital expenditures	122,843	-	122,843
Campus activities	-	33,124	33,124
Unassigned	4,616,727	-	4,616,727
Total fund balances	$ 5,481,915	$ 202,495	$ 5,684,410

I. 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 - 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.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

I. DEFINED BENEFIT PENSION PLAN (Continued)

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:

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

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

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

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

Contribution Rates and Amounts

	2022	2023
Member	8.00%	8.00%
Non-employer contributing entity (State)	7.75%	8.00%
Employers	7.75%	8.00%

Bovina ISD 2023 employer contributions	$	121,442
Bovina ISD 2023 member contributions	$	306,077
Bovina ISD 2023 NECE on-behalf contributions	$	228,207

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

I. DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning 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 rollforward 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.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

I. DEFINED BENEFIT PENSION PLAN (Continued)

The total pension liability in the August 31, 2022, actuarial valuation was determined by 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% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index"
Last year ending August 31 in projection period (100 years)	2121
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc post-employement 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 those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-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.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

I. DEFINED BENEFIT PENSION PLAN (Continued)

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

Asset Class	Target Allocation** %	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portflio Returns
Global Equity			
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%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources & Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	0.43%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Expected Return	100.00%		8.19%

* Absolute Return includes Credit Sensitive Investments.
** Target allocations based on the FY2022 policy model.
*** Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022).
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

I. DEFINED BENEFIT PENSION PLAN (Continued)

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	$ 2,532,161	$ 1,627,750	$ 894,682

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions - At June 30, 2023, the District reported a liability of $1,627,750 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	$ 1,627,750
State's proportionate share that is associated with the District	2,903,392
Total	$ 4,531,142

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 0.0027418227% which was an increase of 0.0000870373% from its proportion measured as of August 31, 2021, which was 0.0026547854%.

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 September 1, 2021 through August 31, 2022, the District recognized pension expense of $277,531 and revenue of $277,531 for support provided by the State in the government-wide statement of activities for the year ended June 30, 2023.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

I. DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	$ 23,602	$ 35,488
Changes in actuarial assumptions	303,303	75,592
Difference between projected and actual investment earnings	160,816	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	59,001	47,158
Contributions paid to TRS subsequent to the measurement date	104,900	-
Total	$ 651,622	$ 158,238

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:

Year ended June 30:	Pension Expense Amount	Balance of Deferred Outflow (Deferred Inflows)
2024	$ 96,009	292,475
2025	56,509	235,966
2026	21,480	214,486
2027	187,081	27,405
2028	27,405	-
	$ 388,484	

J. HEALTH CARE COVERAGE

During the year ended June 30, 2023, the District provided medical benefits coverage (the Plan) to its employees through the TRS. The Plan was created and is operated under the provisions of the Texas Active School Employees Uniform Group Benefits Act (H.B. 3343) enacted by the 77th Texas Legislature. H.B. 3343 established a new statewide health coverage program for public school employees and their dependents. The TRS began administering the Plan, known as TRS-ACTIVE CARE, as of September 1, 2002. The Plan includes employees of most small to mid-size districts, charter schools, education service centers, and certain other employees.

Participants in the Plan can choose from several different benefit options and must meet certain eligibility requirements. Currently, participants must either be an active, contributing TRS member or must be employed for 10 or more hours each week to be eligible for coverage under the Plan. Each member district is billed monthly based upon the number of employees participating in the Plan. For the year ended June 30, 2023, the District contributed $450 per month per employee to the Plan.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

OPEB Plan Fiduciary Net Position - Detail information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report (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; 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:

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

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

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

TRS-Care Plan Premium Rates

	Medicare	Non-Medicare
Retiree or surviving spouse	$ 135	$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

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

Contribution Rates and Amounts

	2022		2023
Active Employee	0.65%		0.65%
Non-Employer Contributing Entity (State)	1.25%		1.25%
Employers	0.75%		0.75%
Federal/Private Funding Remitted by Employers	1.25%		1.25%
Bovina ISD 2023 Employer Contributions		$	36,221
Bovina ISD 2023 Member Contributions		$	24,869
Bovina ISD 2023 NECE On-behalf Contributions		$	52,313

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

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

Additional Actuarial Methods and Assumptions:

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

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

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

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.

	Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions		
	1% Decrease (2.91%)	Current Single Discount Rate (3.91%)	1% Increase (4.91%)
District's proportionate share of the net OPEB liability	$ 1,474,083	$ 1,250,198	$ 1,068,823

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At June 30, 2023, the District reported a liability of $1,250,198 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	$	1,250,198
State's proportionate share that is associated with the District		1,525,045
Total	$	2,775,243

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.

At August 31, 2022, the employer's proportion of the collective OPEB Liability was 0.0052213404% compared to 0.0055379542% as of August 31, 2021. This is a decrease of 0.0003166138%.

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.

	Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions		
	1% Decrease	Current Single Healthcare Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,030,169	$ 1,250,198	$ 1,535,438

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.

The amount of OPEB expense recognized by the District in the reporting period was ($216,416).

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

K. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 69,507	$ 1,041,527
Changes in actuarial assumptions	190,430	868,563
Difference between projected and actual investment earnings	3,724	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	409,527	352,083
Contributions paid to TRS subsequent to the measurement date	31,340	-
Total	$ 704,528	$ 2,262,173

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:

Year ended June 30:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2024	$ (304,811)	$ (1,284,174)
2025	(304,798)	(979,376)
2026	(251,781)	(727,595)
2027	(180,005)	(547,590)
2028	(176,156)	(371,434)
Thereafter	(371,434)	-
	$ (1,588,985)	

For the measurement period from September 1, 2021 through August 31, 2022, the District recognized OPEB expense of ($216,416) and revenue of ($216,416) for support provided by the State in the government-wide statement of activities for the year ended June 30, 2023.

L. LITIGATION

The District was not involved in any litigation as of June 30, 2023 and through the date of this report.

M. 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 June 30, 2023, 2022, and 2021 were $19,816, $15,515, and $16,393, respectively.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

N. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives grants from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2023 on the fund financial statements, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined basic financial statements as Due from Other Governments.

	General Fund	Non-major Funds	Total
State Funding - Foundation Revenue	$ 422,502	$ -	$ 422,502
State Funding - Available School Fund	22,874	-	22,874
Parmer County Appraisal District	6,187	-	6,187
Parmer County Available School Fund	21	-	21
Federal Grants	-	67,081	67,081
Total	$ 451,584	$ 67,081	$ 518,665

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2023, revenues from local and intermediate sources in the fund financial statements consisted of the following:

	General Fund	Non-major Funds	Total
Property taxes	$ 1,137,391	$ -	$ 1,137,391
Penalties, interest and other tax related income	13,813	-	13,813
Payment in lieu of taxes (PILOT)	46,310	-	46,310
Investment income	189,674	-	189,674
Tuition and fees	125	-	125
Rent	10,945	-	10,945
Food sales	-	35,876	35,876
Co-curricular student activities	19,510	32,976	52,486
Other	11,803	-	11,803
Totals	$ 1,429,571	$ 68,852	$ 1,498,423

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

P. 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 had a material impact on the District's financial statements; consequently, GASB 87 was not implemented for the District's fiscal year ending June 30, 2022 financial statements.

For the year ended June 30, 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 June 30, 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 has entered into various non-cancelable lease agreements. Total expenditures related to these leases were $12,648 for the year ended June 30, 2023. The future minimum payments required for these leases are as follows:

Year Ended June 30,	Future Minimum Payments
2024	$ 12,648
2025	12,648
2026	3,162
	$ 28,458

Q. CONTINGENCIES

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 June 30, 2023 may be impaired. The District's management is unaware of any contingent liabilities relating to compliance with the rules and regulations governing the respective grants as of June 30, 2023; therefore, no liability provision has been recorded in the accompanying basic financial statements for such contingencies.

R. GENERAL FUND FEDERAL SOURCE REVENUES

Federally financed programs are generally accounted for in the Special Revenue Funds of the District, except for the School Health and Related Services revenues (SHARS). The District recognized SHARS revenue in the General Revenue Fund in the amount of $73,750 for the year ended June 30, 2023.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

S. LIMITED ASSESSED VALUE AGREEMENTS

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, applicants are 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 any applicable amendments and state reporting requirement documentation can be viewed at the Texas Comptroller's website. 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.

During the year ended June 30, 2013 the District entered into an agreement with Cargill, Incorporated (Application No. 249). Under the terms of this agreement Cargill, Incorporated is to invest capital of approximately $42,601,500 on a long-term basis for a valuation limitation of $10,000,000. For fiscal year 2023, which is year 9 of the agreement, when calculated with the M&O tax rate of $0.9001 per $100, with property valued at $31,205,137 without considering the limit and $10,000,000 with the limit, the District forgoes collecting $190,867 in tax revenue; however, the reduced collections in tax revenue will be offset by an increase in state funding through the Foundation School Program funding formula and a possible Revenue Protection Payment.

Below is a summary of the impact of the Chapter 313 Agreement with Cargill, Incorporated on the District’s revenue from taxes and state funding formula grants for the District’s fiscal year ending June 30, 2023:

	Project without the Chapter 313 Agreement	Project with the Chapter 313 Agreement	Difference (Impact on the District)
Cargill, Incorprated			
Project Value	$ 31,205,137	$ 10,000,000	$ (21,205,137)
Maintenance & operations tax rate/$100 valuation	0.9001%	0.9001%	0.9001%
Taxes assessed on project value for FYE 2022	$ 280,877	$ 90,010	$ (190,867)
State Aid - Available School Fund	$ 266,685	$ 266,685	$ -
State Aid - Foundation School Fund	4,286,858	4,473,205	186,347
Total State Aid calculated	$ 4,553,543	$ 4,739,890	$ 186,347
Total taxes assessed and State Aid calculated	$ 4,834,420	$ 4,829,900	$ (4,520)

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

S. LIMITED ASSESSED VALUE AGREEMENTS (Continued)

In addition to the tax abatement, Cargill, Incorporated has committed to pay supplemental payments to the District in the amount of the lesser of $100 per ADA or average of PILOT payments in years 3 through 10 for Cargill, Incorporated resulting from the agreement for the year. During the year ended June 30, 2023, the District received a payment of $46,310, which consisted of payment in lieu of taxes (PILOT) related to this agreement that is recorded as other local revenues on the District's financial statements. Based upon the terms of this agreement, the taxpayer qualified for a tax credit in the amount of $45,055. The District's state-aid allotment was increased by $45,055 to offset the effects of this credit.

During the year ended June 30, 2017, the District entered into an agreement with Scandia Wind, LLC (Application No. 1131). The agreement is for Scandia Wind, LLC to invest capital of $412,500,000 on a long-term basis for a valuation limitation of $20,000,000 with a limitation period of January 1, 2019 through December 31, 2028, and a qualifying time period of September 12, 2016 through December 31, 2018. The agreement also includes a provision for the payment of supplemental payments of the greater of $100 per the District's 2014-15 average daily attendance (445) or $50,000 per year, subject to limitations based upon the net tax savings of Scandia Wind, LLC. There was no activity on this project in the current year and the District did not receive any payments related to this agreement during the year ended June 30, 2023.

T. AUTO, LIABILITY AND/OR PROPERTY PROGRAMS

During the year ended June 30, 2023, the District participated in the following TASB Risk Management Fund (the Fund) programs:

- Auto Liability
- Auto Physical Damage
- Privacy & Information Security
- Property
- 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 June 30, 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 Trustee's 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.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

U. WORKERS' COMPENSATION POOL

During the year ended June 30, 2023, the District met its statutory workers' compensation obligations through participation in 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 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 in 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 adequacy of reserves and fully funds those reserves. As of August 31, 2022, the Fund carries a discounted reserve of approximately $50,647,775 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended June 30, 2023, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of an independent auditor who conducts 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.

V. UNEMPLOYMENT COMPENSATION POOL

During the year ended June 30, 2023, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended June 30, 2023, the Fund anticipates that the District has no liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct and 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.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

W. 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.

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.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

W. IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

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) 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.

BOVINA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

X. BUDGET VARIANCES

As noted on Exhibit G-1, the District has one negative budget variance in the General Fund's expenditure categories. Specifically, this variance occurred in function 81. The reason for the variance is the result of an accrual adjustment made while preparing the June 30, 2023 financial statements to accrue $867,919 in construction costs incurred on a roofing project in progress as of June 30, 2023 that is expected to be completed during the District's June 30, 2024 fiscal year end. Management is aware of the negative variance and will more closely monitor the budget in the future in order to try and avoid negative budget variances.

Y. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through October 10, 2023 which is the date on which the financial statements were issued. Management is not aware of any additional subsequent events requiring disclosure in the notes or adjustment to the financial statements for the year ended June 30, 2023.

Z. CONSTRUCTION IN PROGRESS

During the year ended June 30, 2023, the District began incurring costs related to a roofing project. The District incurred costs of $58,243 for architectural costs, and $867,920 for construction costs associated with the project, which are recorded in the District's financial statements as construction in progress. The District's management estimates that the total cost of the project will not exceed $1,158,965 and the project is expected to be complete by December 31, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G-1

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 1,228,212	$ 1,397,212	$ 1,429,571	$ 32,359
5800	State Program Revenues	5,110,602	5,105,102	4,857,527	(247,575)
5900	Federal Program Revenues	35,000	55,000	73,750	18,750
5020	Total Revenues	6,373,814	6,557,314	6,360,848	(196,466)
	EXPENDITURES:				
	Current:				
0011	Instruction	3,735,332	3,709,332	3,548,827	160,505
0012	Instructional Resources and Media Services	55,441	55,441	51,772	3,669
0013	Curriculum and Instructional Staff Development	2,200	6,700	4,353	2,347
0021	Instructional Leadership	47,623	49,623	46,255	3,368
0023	School Leadership	403,673	404,973	398,372	6,601
0031	Guidance, Counseling, and Evaluation Services	102,418	105,118	103,667	1,451
0032	Social Work Services	63,445	63,445	47,707	15,738
0033	Health Services	57,039	57,039	55,534	1,505
0034	Student (Pupil) Transportation	183,779	183,779	169,116	14,663
0036	Extracurricular Activities	350,545	355,545	314,575	40,970
0041	General Administration	484,263	482,363	412,968	69,395
0051	Facilities Maintenance and Operations	701,906	798,706	691,099	107,607
0052	Security and Monitoring Services	34,575	34,575	26,361	8,214
0053	Data Processing Services	27,200	29,200	27,122	2,078
	Capital Outlay:				
0081	Facilities Acquisition and Construction	47,375	147,375	941,779	(794,404)
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	50,000	77,000	73,131	3,869
0099	Other Intergovernmental Charges	27,000	27,000	25,517	1,483
6030	Total Expenditures	6,373,814	6,587,214	6,938,155	(350,941)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(29,900)	(577,307)	(547,407)
	OTHER FINANCING SOURCES (USES):				
8911	Transfers Out (Use)	-	(1,000)	(907)	93
1200	Net Change in Fund Balances	-	(30,900)	(578,214)	(547,314)
0100	Fund Balance - July 1 (Beginning)	6,060,129	6,060,129	6,060,129	-
3000	Fund Balance - June 30 (Ending)	$ 6,060,129	$ 6,029,229	$ 5,481,915	$ (547,314)

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

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Pension Liability (Asset)	0.002742%	0.002655%	0.002744%
District's Proportionate Share of Net Pension Liability (Asset)	$ 1,627,750	$ 676,080	$ 1,469,758
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	2,903,392	1,384,706	2,884,203
Total	$ 4,531,142	$ 2,060,786	$ 4,353,961
District's Covered Payroll	$ 3,725,071	$ 3,698,726	$ 3,664,104
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.70%	18.28%	40.11%
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
0.002649%	0.002607%	0.002738%	0.002922%	0.003276%	0.001587%
$ 1,377,119	$ 1,435,214	$ 875,390	$ 1,104,343	$ 1,158,022	$ 423,806
2,620,867	2,808,207	1,769,589	2,038,765	1,913,134	1,760,254
$ 3,997,986	$ 4,243,421	$ 2,644,979	$ 3,143,108	$ 3,071,156	$ 2,184,060
$ 3,837,936	$ 3,149,981	$ 3,286,830	$ 3,141,086	$ 2,953,560	$ 2,598,588
35.88%	45.56%	26.63%	35.16%	39.21%	16.31%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

BOVINA 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	$ 121,442	$ 125,091	$ 112,198
Contribution in Relation to the Contractually Required Contribution	121,442	125,091	112,198
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 3,825,954	$ 3,714,774	$ 3,690,872
Contributions as a Percentage of Covered Payroll	3.17%	3.37%	3.04%

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
$ 112,295	$ 90,682	$ 87,129	$ 89,959	$ 97,003	$ 88,415
112,295	90,682	87,129	89,959	97,003	88,415
$ -	$ -	$ -	$ -	$ -	$ -
$ 3,625,845	$ 3,282,507	$ 3,138,807	$ 3,283,310	$ 3,106,148	$ 2,926,861
3.10%	2.76%	2.78%	3.02%	3.12%	2.74%

BOVINA 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 JUNE 30, 2023

	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.00522134%	0.005537954%	0.005231756%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 1,250,198	$ 2,136,236	$ 1,988,827
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	1,525,045	2,862,081	2,672,506
Total	$ 2,775,243	$ 4,998,317	$ 4,661,333
District's Covered Payroll	$ 3,725,071	$ 3,698,726	$ 3,664,104
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	33.56%	57.76%	54.28%
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
0.004608839%	0.004823753%	0.005221954%
$ 2,179,577	$ 2,408,544	$ 2,270,832
2,896,170	2,698,730	2,513,737
$ 5,075,747	$ 5,107,274	$ 4,784,569
$ 3,837,936	$ 3,149,981	$ 3,286,830
56.79%	76.46%	69.09%
2.66%	1.57%	0.91%

BOVINA 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	$ 36,221	$ 24,146	$ 27,682
Contribution in Relation to the Contractually Required Contribution	36,221	24,146	27,682
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 3,825,954	$ 3,714,774	$ 3,690,872
Contributions as a Percentage of Covered Payroll	0.95%	0.65%	0.75%

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
	$ 27,194	$ 31,381	$ 27,149
	27,194	31,381	27,149
	$ -	$ -	$ -
	$ 3,625,845	$ 3,282,507	$ 3,138,807
	0.75%	0.96%	0.86%

BOVINA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 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

BOVINA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
	ASSETS			
1110	Cash and Cash Equivalents	$ -	$ -	$ -
1240	Due from Other Governments	17,297	21,441	5,298
1260	Due from Other Funds	-	-	-
1000	Total Assets	$ 17,297	$ 21,441	$ 5,298
	LIABILITIES			
2110	Accounts Payable	$ -	$ -	$ -
2160	Accrued Wages Payable	3,949	458	423
2170	Due to Other Funds	11,653	20,617	4,709
2200	Accrued Expenditures	1,695	366	166
2000	Total Liabilities	17,297	21,441	5,298
	FUND BALANCES			
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	-	-
	Committed Fund Balance:			
3545	Other Committed Fund Balance	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities and Fund Balances	$ 17,297	$ 21,441	$ 5,298

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	281 ESSER II Grant	282 ESSER III Grant	289 Other Federal Special Revenue Funds	410 Instructional Materials Allotment	429 Other State Special Revenue Funds
$ 193,259	$ -	$ -	$ -	$ -	$ 6,790	$ -	$ -
4,829	16,204	-	618	-	1,394	-	-
-	-	-	-	-	-	-	-
$ 198,088	$ 16,204	$ -	$ 618	$ -	$ 8,184	$ -	$ -
$ 16,555	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	1,888	-	-	-	-	-	-
12,153	13,804	-	618	-	8,063	-	-
9	512	-	-	-	121	-	-
28,717	16,204	-	618	-	8,184	-	-
169,371	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
169,371	-	-	-	-	-	-	-
$ 198,088	$ 16,204	$ -	$ 618	$ -	$ 8,184	$ -	$ -

BOVINA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		461 Campus Activity Fund	Total Nonmajor Governmental Funds
	ASSETS		
1110	Cash and Cash Equivalents	$ -	$ 200,049
1240	Due from Other Governments	-	67,081
1260	Due from Other Funds	33,124	33,124
1000	Total Assets	$ 33,124	$ 300,254
	LIABILITIES		
2110	Accounts Payable	$ -	$ 16,555
2160	Accrued Wages Payable	-	6,718
2170	Due to Other Funds	-	71,617
2200	Accrued Expenditures	-	2,869
2000	Total Liabilities	-	97,759
	FUND BALANCES		
	Restricted Fund Balance:		
3450	Federal or State Funds Grant Restriction	-	169,371
	Committed Fund Balance:		
3545	Other Committed Fund Balance	33,124	33,124
3000	Total Fund Balances	33,124	202,495
4000	Total Liabilities and Fund Balances	$ 33,124	$ 300,254

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

Data Control Codes		205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
	REVENUES:			
5700	Total Local and Intermediate Sources	$ -	$ -	$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	53,956	105,417	14,604
5020	Total Revenues	53,956	105,417	14,604
	EXPENDITURES:			
	Current:			
0011	Instruction	53,956	91,231	14,604
0013	Curriculum and Instructional Staff Development	-	4,846	-
0021	Instructional Leadership	-	9,340	-
0032	Social Work Services	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
	Capital Outlay:			
0081	Facilities Acquisition and Construction	-	-	-
6030	Total Expenditures	53,956	105,417	14,604
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
	OTHER FINANCING SOURCES (USES):			
7915	Transfers In	-	-	-
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-
3000	Fund Balance - June 30 (Ending)	$ -	$ -	$ -

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	281 ESSER II Grant	282 ESSER III Grant	289 Other Federal Special Revenue Funds	410 Instructional Materials Allotment	429 Other State Special Revenue Funds
$ 35,876	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7,849	-	-	-	-	-	7,366	5,714
420,817	23,775	29,103	207,397	191,485	10,107	-	-
464,542	23,775	29,103	207,397	191,485	10,107	7,366	5,714
-	23,775	29,103	-	180,885	10,107	7,366	-
-	-	-	-	10,600	-	-	-
-	-	-	-	-	-	-	-
-	-	-	145	-	-	-	-
502,658	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	10,412	-	-	-	-
-	-	-	-	-	-	-	5,714
-	-	-	196,840	-	-	-	-
502,658	23,775	29,103	207,397	191,485	10,107	7,366	5,714
(38,116)	-	-	-	-	-	-	-
907	-	-	-	-	-	-	-
(37,209)	-	-	-	-	-	-	-
206,580	-	-	-	-	-	-	-
$ 169,371	$ -	$ -	$ -	$ -	$ -	$ -	$ -

EXHIBIT H-2

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

Data Control Codes		461 Campus Activity Fund	Total Nonmajor Governmental Funds
	REVENUES:		
5700	Total Local and Intermediate Sources	$ 32,976	$ 68,852
5800	State Program Revenues	-	20,929
5900	Federal Program Revenues	-	1,056,661
5020	Total Revenues	32,976	1,146,442
	EXPENDITURES:		
	Current:		
0011	Instruction	-	411,027
0013	Curriculum and Instructional Staff Development	-	15,446
0021	Instructional Leadership	-	9,340
0032	Social Work Services	-	145
0035	Food Services	-	502,658
0036	Extracurricular Activities	28,096	28,096
0051	Facilities Maintenance and Operations	-	10,412
0052	Security and Monitoring Services	-	5,714
	Capital Outlay:		
0081	Facilities Acquisition and Construction	-	196,840
6030	Total Expenditures	28,096	1,179,678
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	4,880	(33,236)
	OTHER FINANCING SOURCES (USES):		
7915	Transfers In	-	907
1200	Net Change in Fund Balance	4,880	(32,329)
0100	Fund Balance - July 1 (Beginning)	28,244	234,824
3000	Fund Balance - June 30 (Ending)	$ 33,124	$ 202,495

REQUIRED TEA SCHEDULES

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

Last 10 Years		(1) Tax Rates Maintenance	(2) Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2014	and prior years	Various	Various	$ Various
2015		1.040000	0.000000	127,160,985
2016		1.040000	0.000000	137,393,138
2017		1.040000	0.000000	110,762,212
2018		1.040000	0.000000	104,714,183
2019		1.040000	0.000000	112,892,100
2020		0.970000	0.000000	122,149,305
2021		0.966400	0.000000	118,515,435
2022		0.963400	0.000000	121,466,607
2023	(School year under audit)	0.900010	0.000000	134,904,755
1000	TOTALS			

(10) Beginning Balance 7/1/2022	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2023
$ 32,116	$ -	$ 884	$ -	$ (857)	$ 30,375
3,055	-	266	-	-	2,789
4,334	-	204	-	-	4,130
4,059	-	206	-	(69)	3,784
5,006	-	125	-	-	4,881
6,162	-	192	-	-	5,970
8,241	-	936	-	(90)	7,215
11,658	-	2,496	-	(203)	8,959
39,736	-	18,808	-	(2,505)	18,423
-	1,214,278	1,113,274	-	(64,510)	36,494
$ 114,367	$ 1,214,278	$ 1,137,391	$ -	$ (68,234)	$ 123,020

EXHIBIT J-2

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 8,100	$ 8,100	$ 35,876	$ 27,776
5800	State Program Revenues	7,500	7,500	7,849	349
5900	Federal Program Revenues	527,000	428,000	420,817	(7,183)
5020	Total Revenues	542,600	443,600	464,542	20,942
	EXPENDITURES:				
	Current:				
0035	Food Services	542,600	527,600	502,658	24,942
6030	Total Expenditures	542,600	527,600	502,658	24,942
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(84,000)	(38,116)	45,884
	OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	(1,000)	907	1,907
1200	Net Change in Fund Balances	-	(85,000)	(37,209)	47,791
0100	Fund Balance - July 1 (Beginning)	206,580	206,580	206,580	-
3000	Fund Balance - June 30 (Ending)	$ 206,580	$ 121,580	$ 169,371	$ 47,791

BOVINA INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	575,807
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	583,706

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.	69,585
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year.	71,921

REPORTS ON COMPLIANCE, INTERNAL CONTROL AND FEDERAL AWARDS

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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
Bovina Independent School District
Bovina, 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 Bovina Independent School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

The District's Response to Our Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit as described in the accompanying schedule of findings and questioned costs as well as the in the District's response letter on page 89 of this report. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Brown, Graham & Company, P.C.

Amarillo, Texas
October 10, 2023

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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
Bovina Independent School District
Bovina, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bovina Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of 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 June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Board of Trustees
Bovina Independent School District
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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
October 10, 2023

BOVINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I: Summary of the Auditor's Results:

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	____ Yes	X No
Are any significant deficiencies identified?	____ Yes	X No
Is any noncompliance material to the financial statements identified?	____ Yes	X No

Federal Awards:

Internal control over major federal program:

Are any material weaknesses identified?	____ Yes	X No
Are any significant deficiencies identified?	____ Yes	X 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	X No

Identification of major federal programs:

CFDA Number(s):	Name of federal program or cluster:
#84.425D	COVID-19 Elementary & Secondary School Emergency Relief II
#84.425U	COVID-19 Elementary & Secondary School Emergency Relief III

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

Auditee qualified as a low-risk auditee?	X Yes	____ No

Section II: Financial Statement Findings:
There was a financial statement finding related to noncompliance for the year ended June 30, 2023, described below as item 2023-001.

Section III: Federal Award Finding
There were no federal award finding for the year ended June 30, 2023.

BOVINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

Finding 2023-01: Noncompliance - Collateralization of the District's Deposits

Criteria: Under state law, the District is required to ensure all of its deposits and investments are adequately collateralized at all times throughout the year. Collateralization typically occurs in the form of a combination of depository insurance through the Federal Deposit Insurance Corporation (FDIC) and/or pledged securities by the District's depository institution.

Condition: At various times throughout the year the District's deposits and investments held by its depository bank exceeded the amount of FDIC coverage and fair market value of securities pledged as collateral on behalf of the District, which could potentially put the District's deposits at risk.

Context: For the fiscal year ended June 30, 2023, the District did not appear to monitor the District's deposits and investments to ensure the amounts were fully collateralized.

Questioned Costs: No costs were being questioned.

Effect or potential effect: The District's deposits were potentially at risk to the extent they exceeded the amount of available FDIC coverage and fair market value of pledged securities, which is a violation of Texas Depository Contract law.

Cause: Although the District has policies in place for monitoring bank deposits, currently there are no procedures in place to increase the pledged securities, until the shortage has occurred, and the bank has been notified.

Recommendation: The District should review its current policies and procedures pertaining to the monitoring of bank deposits, to ensure that all are being performed on a consistent basis. Additionally, communications should be held with the District's depository institution to potentially secure additional pledged securities in amounts sufficient to cover the District's deposits, specifically during times of the year when the District's balances have historically been larger in amount.

Views of Responsible Official's Response and Corrective Action Planned: See the District's response to this finding on the letter provided by the District on page 89.

BOVINA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Finding 2022-001 Noncompliance – Excess Fund Balance

Condition: During our audit we noted that the District’s fund balance for the food service fund exceeded three months of the prior year average expenditures. The District had not filed a plan for reducing excessive operating food service fund balance with the Texas Department of Agriculture.

Current Status: During the audit of the District for the year ended June 30, 2023, we noted that the District filed the plan for reducing excessive fund balance in response to the prior year finding and made capital expenditures in accordance with their plan filed with the Texas Department of Agriculture; however, we noted that as of June 30, 2023, the District’s food service fund still exceeded three months of the prior year’s average expenditures. We also noted the District attempted to reduce the food service fund balance by making the necessary expenditures, but due to supply chain issues, not all expenditures were able to be completed. We also noted the District requested, and was granted, from the Texas Department of Agriculture an extension until December 31, 2023 to reduce the excess fund balance.

Finding 2022-02: Noncompliance - Collateralization of the District’s Deposits

Condition: At various times throughout the year the District’s deposits and investments held by its depository bank exceeded the amount of FDIC coverage and fair market value of securities pledged as collateral on behalf of the District, which could potentially put the District’s deposits at risk.

Current Status: During the audit of the District for the year ended June 30, 2023, we again noted that at various times throughout the year the District’s deposits and investments held by its depository bank exceeded the amount of FDIC coverage and fair market value of securities pledged as collateral on behalf of the District. See Finding 2023-001.

BOVINA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023

Finding 2023-001 Noncompliance - Collateralization of the District's Deposits

The detailed corrective action plan addressing this issue prepared by the District's Superintendent in response to this audit finding can be found on the attached letter beginning on page 89.

BOVINA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through Region XVI Education Service Center			
ESEA, Title I, Part C - Migratory Children	84.041	23-615001188950	$ 14,604
Total Passed Through Region XVI Education Service Center			14,604
Passed Through Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23-610101185901	105,417
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358A	23-696001185901	29,103
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23-694501185901	23,775
*COVID 19 - ESSER II - School Emergency Relief	84.425D	21-521001185901	207,397
*COVID 19 - ESSER III - School Emergengy Relief	84.425U	21-528001185901	191,485
Total Assistance Listing Number 84.425			398,882
ESEA, Title IV, Part A	84.424A	23-680101185901	10,107
Total Passed Through Texas Education Agency			567,284
TOTAL U.S. DEPARTMENT OF EDUCATION			581,888
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Education Agency			
Head Start	93.600	06CH011606-06-02	53,956
Total Passed Through Texas Education Agency			53,956
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			53,956
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Department of Agriculture			
*School Breakfast Program	10.553	71402301	145,054
*National School Lunch Program - Cash Assistance	10.555	71302301	244,407
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302301	31,356
Total Assistance Listing Number 10.555			275,763
Total Child Nutrition Cluster			420,817
Total Passed Through the Texas Department of Agriculture			420,817
TOTAL U.S. DEPARTMENT OF AGRICULTURE			420,817
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,056,661

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

BOVINA INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 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 the General Fund or a Special Revenue Fund which are Governmental Fund types. 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 $73,750 are not to be considered federal financial assistance for inclusion in the Schedule of Expenditures of Federal Awards ("SEFA"). These revenues are reported in the General Fund on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.

4. The District does not draw for indirect administrative expenditures and has not elected to use the 10% de-minimus cost rate.

Bovina Independent School District

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October 10, 2023

The following will serve as the District's response to the noncompliance findings reported in the above Schedule of Findings and Questioned Costs as of June 30, 2023:

Finding 2023-001 Noncompliance - Collateralization of the District's Deposits

In regard to collateralization of the District's deposits, the District will continue with procedures to track the daily balance for all District accounts to ensure that the collateral pledged by the bank is sufficient to cover the total deposits. In the event that the District receives deposits that will exceed FDIC coverage and securities pledged by the bank, District personnel will contact the depository to inform them so that additional securities can be pledged.

BOVINA INDEPENDENT SCHOOL DISTRICT
Sergio Menchaca, Superintendent