

ALPINE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND
COMPLIANCE REPORT
FOR THE YEAR ENDED
JUNE 30, 2023



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

ALPINE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	CERTIFICATE OF BOARD	1
	FINANCIAL SECTION	
	Independent Auditor's Report	5
	Management's Discussion and Analysis	9
	Basic Financial Statements:	
	Government-wide Financial Statements:	
A-1	Statement of Net Position	21
B-1	Statement of Activities	22
	Governmental Fund Financial Statements:	
C-1	Balance Sheet – Governmental Funds	24
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	26
C-2R	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	27
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	29
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position – Proprietary Funds	30
D-2	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	31
D-3	Statement of Cash Flows – Proprietary Funds	33
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position – Fiduciary Funds	34
E-2	Statement of Changes in Fiduciary Net Position – Fiduciary Funds	35
	Notes to the Financial Statements	37
	Required Supplementary Information:	
G-1	Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System	70
G-2	Schedule of District Pension Contributions – Teacher Retirement System	72
G-3	Schedule of the District's Proportionate Share of the Net OPEB Liability – Texas Public School Retired Employees Group Insurance Plan	74
G-4	Schedule of District OPEB Contributions – Texas Public School Retired Employees Group Insurance Plan	76
	Notes to Required Supplementary Information	79
	Combining and Individual Fund Statements and Schedules:	
H-1	Combining Balance Sheet – Nonmajor Governmental Funds	82
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	86

ALPINE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION (Continued)

	Combining and Individual Fund Statements and Schedules (Continued):	
H-3	Combining Balance Sheet – Private Purpose Trust Funds	90
H-4	Combining Statement of Changes in Net Position - Private Purpose Trust Funds	91
J-1	Schedule of Delinquent Taxes Receivable	92
J-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Child Nutrition Fund	94
J-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	95
J-4	Use of Funds Report – Select State Allotment Programs	97
L-1	Schedule of Required Responses to Selected School First Indicators	99

FEDERAL AWARDS SECTION

	Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	103
	Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance and Report on the Schedule of Expenditures of Federal Awards	107
K-1	Schedule of Expenditures of Federal Awards	111
	Notes to the Schedule of Expenditures of Federal Awards	113
	Schedule of Findings and Questioned Costs	115
	Corrective Action Plan	123

CERTIFICATE OF BOARD

Alpine Independent School District
Name of School District

Brewster
County

022-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2023, at a meeting of the Board of Trustees of such school district on the 13TH day of NOVEMBER, 2023.

Nikki Ahrens
Signature of Board Secretary

Eddie Tate
Signature of Board President

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

THIS PAGE LEFT BLANK INTENTIONALLY

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Alpine Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alpine Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Alpine Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alpine Independent School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements 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 Alpine Independent School District's basic financial statements. The accompanying combining schedules of non-major governmental funds, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of non-major governmental funds and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

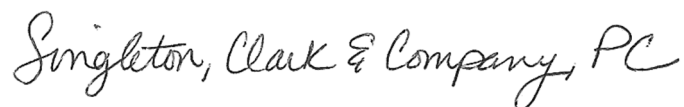
Other Information

Management is responsible for the other information included within the annual report. The other information comprises exhibits required by the Texas Education Agency which present property tax collection and receivable information, budget-to-actual comparisons for the Child Nutrition Fund and Debt Service Fund, and information related to expenditure levels of selected state funding allotments. Our opinions on the basic financial statements do not cover this other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023 on our consideration of Alpine Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alpine Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alpine Independent School District's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC
Alpine, Texas

September 22, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Alpine Independent School District (the “District”) discuss and analyze the financial performance of the District for the fiscal year ended June 30, 2023. Please read this information in conjunction with the District’s basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s net position for governmental activities decreased by \$1,219,056 as a result of this year’s current operations, to end at \$12,112,211.
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds, the Capital Projects Fund, and the Debt Service Fund) reported an overall fund balance decrease of \$4,647,833 to end at \$7,435,808.
- The General Fund of the District reported a fund balance decrease of \$3,772,524 for the year, to end at \$5,709,052.

OVERVIEW OF THE FINANCIAL SECTION

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

Independent Auditor’s Report

State law requires the District’s financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The District received an *Unmodified* opinion on its financial statements this year.

Management’s Discussion and Analysis

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

Basic Financial Statements

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

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

Required Supplementary Information

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

Combining and Individual Fund Statements and Schedules

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

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

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

Report on Compliance and Internal Control for Each Major Program

Because the District expended more than \$750,000 in federal grant awards, an additional independent auditor's report on compliance and internal control over the District's major federal grant programs was required. This report provides an opinion by the independent audit firm that the District complied, in all material respects, with the requirements applicable to the federal grants received and expended.

Schedule of Expenditures of Federal Awards

The Schedule of Expenditures of Federal Awards (SEFA) provides a detailed listing of the federal grant awards received by the District during the year. This listing includes federal grant names, identification numbers, and amounts expended.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists information related to the audit of the District's major federal programs and lists any audit findings reported by the audit firm for the year.

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the State of Texas 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.

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

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities decreased from \$13,331,267 to \$12,112,211. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$(1,781,188) at June 30, 2023. The decrease in governmental net position was primarily due to factors such as General Fund revenues being lower than anticipated by approximately 3% and the District incurring higher than anticipated expenditures in Functions 11, 71 and 72.

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

Table I
ALPINE INDEPENDENT SCHOOL DISTRICT
NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Change	Business- Type Activities 2023	Business- Type Activities 2022	Change
Current & Other Assets	\$ 9,315,895	\$ 15,730,111	\$ (6,414,216)	\$ 33,490	\$ 26,541	\$ 6,949
Capital Assets	32,699,802	30,007,190	2,692,612	-	-	-
Total Assets	42,015,697	45,737,301	(3,721,604)	33,490	26,541	6,949
Deferred Outflows of Resources	4,288,423	2,383,964	1,904,459	-	-	-
Current Liabilities	1,118,690	2,946,499	(1,827,809)	541	541	-
Long-Term Liabilities	27,151,920	26,517,087	634,833	-	-	-
Total Liabilities	28,270,610	29,463,586	(1,192,976)	541	541	-
Deferred Inflows of Resources	5,921,299	5,326,412	594,887	-	-	-
Net Position:						
Net Investment in Capital Assets	12,036,957	8,924,074	3,112,883	-	-	-
Restricted	1,856,442	2,721,031	(864,589)	-	-	-
Unrestricted	(1,781,188)	1,686,162	(3,467,350)	32,949	26,000	6,949
Total Net Position	\$ 12,112,211	\$ 13,331,267	\$ (1,219,056)	\$ 32,949	\$ 26,000	\$ 6,949

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

Table II
ALPINE INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION

	Governmental Activities 2023	Governmental Activities 2022	Change	Business- Type Activities 2023	Business- Type Activities 2022	Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 874,550	\$ 768,927	\$ 105,623	\$ 16,885	\$ 18,215	\$ (1,330)
Operating Grants & Contributions	3,170,034	3,086,119	83,915	-	-	-
General Revenues:						
Maintenance & Operations Taxes	6,766,207	6,573,522	192,685	-	-	-
Debt Service Taxes	1,362,835	1,453,796	(90,961)	-	-	-
State Aid - Formula Grants	2,909,719	3,627,326	(717,607)	-	-	-
Grants & Contributions not Restricted	714,938	537,790	177,148	-	-	-
Investment Earnings	379,953	49,258	330,695	-	-	-
Miscellaneous	414,194	312,758	101,436	-	-	-
Total Revenue	<u>16,592,430</u>	<u>16,409,496</u>	<u>182,934</u>	<u>16,885</u>	<u>18,215</u>	<u>(1,330)</u>
Expenses:						
Instruction	8,150,382	6,831,699	1,318,683	-	-	-
Instructional Resources & Media Services	287,022	193,776	93,246	-	-	-
Curriculum & Instructional Staff Devel.	89,874	157,612	(67,738)	-	-	-
Instructional Leadership	322,291	294,545	27,746	-	-	-
School Leadership	947,893	805,134	142,759	-	-	-
Guidance, Counseling, & Evaluation Serv.	1,011,703	902,477	109,226	-	-	-
Health Services	66,434	56,985	9,449	-	-	-
Student Transportation	601,640	518,285	83,355	-	-	-
Food Services	672,327	552,142	120,185	-	-	-
Extracurricular Activities	1,029,267	810,005	219,262	-	-	-
General Administration	893,210	727,169	166,041	-	-	-
Facilities Maintenance and Operations	1,900,577	1,450,610	449,967	-	-	-
Security and Monitoring Services	273,557	205,404	68,153	-	-	-
Data Processing Services	405,280	291,391	113,889	-	-	-
Community Services	36,660	(354)	37,014	-	-	-
Debt Service	657,331	676,047	(18,716)	-	-	-
Payments to Member Dist. of SSA	244,105	168,663	75,442	-	-	-
Other Intergovernmental Charges	221,933	280,861	(58,928)	-	-	-
Business-Type Activities	-	-	-	9,936	10,148	(212)
Total Expenses	<u>17,811,486</u>	<u>14,922,451</u>	<u>2,889,035</u>	<u>9,936</u>	<u>10,148</u>	<u>(212)</u>
Change in Net Position	<u>(1,219,056)</u>	<u>1,487,045</u>	<u>(2,706,101)</u>	<u>6,949</u>	<u>8,067</u>	<u>(1,118)</u>
Net Position at 7/1/22 and 7/1/21	<u>13,331,267</u>	<u>11,844,222</u>	<u>1,487,045</u>	<u>26,000</u>	<u>17,933</u>	<u>8,067</u>
Net Position at 6/30/23 and 6/30/22	<u>\$ 12,112,211</u>	<u>\$ 13,331,267</u>	<u>\$ (1,219,056)</u>	<u>\$ 32,949</u>	<u>\$ 26,000</u>	<u>\$ 6,949</u>

ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$5,709,052, which is \$3,772,524 less than last year's total of \$9,481,576. The decrease in fund balance is attributable to the District spending an additional \$3.2 million on construction costs related to the new high school than was anticipated in the originally adopted budget.

The District's Debt Service Fund reported a fund balance of \$1,137,331 which is \$208,764 more than last year's total of \$928,567. The Debt Service fund balance was more at June 30, 2023, as compared to the prior year end. This increase in fund balance is in line with the originally adopted Debt Service Fund budget. The purpose of the Debt Service Fund is to provide for the payment of bond principal and interest payments as it becomes due.

The District's Capital Projects Fund reported a decrease of \$1,091,826 to end at a fund balance of \$0. The Capital Projects fund balance was less at June 30, 2023, as compared to the prior year end, due to ongoing construction projects. The change relates to the normal function of a capital project fund to expend resources generated through a bond issuance on approved capital projects.

The District's other governmental funds reported combined ending fund balances of \$589,425. This combined balance is \$7,753 more than the previous year. The primary reason for this change in the combined fund balance was due to the District's Special Education Coop experiencing a moderate fund balance increase during the year.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. Several of the budget amendments made during the year that were considered significant were to Functions 11, 12, 36, 51 and 81.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the District had \$32,699,802 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2023 and 2022 is as follows:

	Governmental Activities 2023	Governmental Activities 2022	Change
Land	\$ 275,907	\$ 275,907	\$ -
Construction in Progress	-	22,061,258	(22,061,258)
Buildings	44,521,153	19,146,776	25,374,377
Furniture and Equipment	4,658,497	4,453,966	204,531
Right to Use Leased Assets	208,170	205,128	3,042
SBITA Assets	8,106	-	8,106
Total	49,671,833	46,143,035	3,528,798
Less Accumulated Depreciation	(16,972,031)	(16,135,845)	(836,186)
Capital Assets, Net of Depreciation	\$ 32,699,802	\$ 30,007,190	\$ 2,692,612

THIS PAGE LEFT BLANK INTENTIONALLY

**ALPINE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Debt

At year-end, the District had \$20,685,921 in bonds and other long-term debt outstanding versus \$21,104,623 last year. The decrease is attributable to the District making scheduled payments on its long-term debt during the year.

A summary of the ending balances of long-term debt by type for both 2023 and 2022 is as follows:

	Governmental Activities 2023	Governmental Activities 2022	Change
Bonds Payable	\$ 20,400,190	\$ 20,957,313	\$ (557,123)
Right to Use Assets Payable	255,642	125,803	129,839
SBITA Liabilities	7,013	-	7,013
Compensated Absences	23,076	21,507	1,569
Total	<u>\$ 20,685,921</u>	<u>\$ 21,104,623</u>	<u>\$ (418,702)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2023- 2024 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$12.1 million for the 2023-2024 fiscal year. This reflects an approximate increase of \$700,000 in budgeted expenditures from the fiscal year 2022-2023 adopted budget to fiscal year 2023-2024.

For the 2023-2024 budget year, the District has decreased its maintenance and operations tax rate at \$0.7575 per hundred of taxable value. The District adopted a debt service tax rate of \$0.225 for the 2023-2024 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2023-2024 budget year is \$0.9825 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Alpine Independent School District, 704 W. Sul Ross Avenue, Alpine, Texas 79830, or by calling (432) 837-7700.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

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

Data Control Codes	Primary Government			
	1 Governmental Activities	2 Business-Type Activities	3 Total	
ASSETS				
1110	Cash and Cash Equivalents	\$ 7,618,825	\$ 33,490	\$ 7,652,315
1225	Property Taxes Receivable, net	1,030,066	-	1,030,066
1240	Due from Other Governments	664,663	-	664,663
1267	Due from Trust and Custodial Funds	2,341	-	2,341
	Capital Assets:			
1510	Land Purchase and Improvements	275,907	-	275,907
1520	Buildings and Improvements, net	31,463,765	-	31,463,765
1530	Furniture and Equipment, net	787,110	-	787,110
1550	Right to Use Assets, net	173,020	-	173,020
1000	Total Assets	<u>42,015,697</u>	<u>33,490</u>	<u>42,049,187</u>
DEFERRED OUTFLOWS OF RESOURCES				
1705	Deferred Outflows-Pension	2,926,068	-	2,926,068
1706	Deferred Outflows-OPEB	1,362,355	-	1,362,355
	Total Deferred Outflows of Resources	<u>4,288,423</u>	<u>-</u>	<u>4,288,423</u>
LIABILITIES				
2110	Accounts Payable	88,297	-	88,297
2140	Interest Payable	268,669	-	268,669
2177	Due to Trust and Custodial Funds	-	541	541
2180	Due to Other Governments	29,350	-	29,350
2200	Accrued Expenses	300,402	-	300,402
2300	Unearned Revenue	431,972	-	431,972
	Noncurrent Liabilities:			
2501	Due Within One Year	570,353	-	570,353
2502	Due in More Than One Year	20,115,568	-	20,115,568
2540	Net Pension Liability	4,018,340	-	4,018,340
2545	Other Post-Employment Benefits Liability	2,447,659	-	2,447,659
2000	Total Liabilities	<u>28,270,610</u>	<u>541</u>	<u>28,271,151</u>
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Inflows-Pension	1,582,553	-	1,582,553
2606	Deferred Inflows-OPEB	4,338,746	-	4,338,746
	Total Deferred Inflows of Resources	<u>5,921,299</u>	<u>-</u>	<u>5,921,299</u>
NET POSITION				
3200	Net Investment in Capital Assets	12,036,957	-	12,036,957
	Restricted for:			
3820	Federal & State Programs	589,425	-	589,425
3850	Debt Service	1,267,017	-	1,267,017
3900	Unrestricted	(1,781,188)	32,949	(1,748,239)
3000	Total Net Position	<u>\$ 12,112,211</u>	<u>\$ 32,949</u>	<u>\$ 12,145,160</u>

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

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11	Instruction	\$ 8,150,382	\$ 1,628,597
12	Instructional Resources & Media Services	287,022	4,112
13	Curriculum & Instructional Staff Development	89,874	16,592
21	Instructional Leadership	322,291	214,741
23	School Leadership	947,893	35,519
31	Guidance, Counseling, & Evaluation Services	1,011,703	536,232
33	Health Services	66,434	799
34	Student Transportation	601,640	42,597
35	Food Services	672,327	390,712
36	Extracurricular Activities	1,029,267	8,633
41	General Administration	893,210	75,574
51	Facilities Maintenance and Operations	1,900,577	177,930
52	Security and Monitoring Services	273,557	3,312
53	Data Processing Services	405,280	1,261
61	Community Services	36,660	411
72	Interest on Long-Term Debt	653,536	33,012
73	Bond Issuance Cost & Fees	3,795	-
93	Payments to Member Dist. of SSA	244,105	-
99	Other Intergovernmental Charges	221,933	-
TG	Total Governmental Activities:	<u>17,811,486</u>	<u>3,170,034</u>
BUSINESS-TYPE ACTIVITIES:			
01	Enterprise Fund - After School Care Program	9,936	-
TB	Total Business-Type Activities:	<u>9,936</u>	<u>-</u>
TP	TOTAL PRIMARY GOVERNMENT:	<u>\$ 17,821,422</u>	<u>\$ 3,170,034</u>

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions, not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
	Total General Revenues

CN	Change in Net Position
NB	Net Position -- Beginning
NE	Net Position -- Ending

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

Net (Expense) Rev. & Changes in Net Position		
6	7	8
Primary Gov.		
Governmental Activities	Business-Type Activities	Total
\$ (5,823,133)	\$ -	\$ (5,823,133)
(282,910)	-	(282,910)
(73,282)	-	(73,282)
(107,550)	-	(107,550)
(912,374)	-	(912,374)
(475,471)	-	(475,471)
(65,635)	-	(65,635)
(559,043)	-	(559,043)
(152,918)	-	(152,918)
(987,833)	-	(987,833)
(803,236)	-	(803,236)
(1,722,647)	-	(1,722,647)
(270,245)	-	(270,245)
(404,019)	-	(404,019)
(36,249)	-	(36,249)
(620,524)	-	(620,524)
(3,795)	-	(3,795)
(244,105)	-	(244,105)
(221,933)	-	(221,933)
<u>(13,766,902)</u>	<u>-</u>	<u>(13,766,902)</u>
-	6,949	6,949
-	6,949	6,949
<u>(13,766,902)</u>	<u>6,949</u>	<u>(13,759,953)</u>
6,766,207	-	6,766,207
1,362,835	-	1,362,835
2,909,719	-	2,909,719
714,938	-	714,938
379,953	-	379,953
414,194	-	414,194
<u>12,547,846</u>	<u>-</u>	<u>12,547,846</u>
(1,219,056)	6,949	(1,212,107)
13,331,267	26,000	13,357,267
<u>\$ 12,112,211</u>	<u>\$ 32,949</u>	<u>\$ 12,145,160</u>

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

Data	10	50	60	98		
Control	General	Debt	Capital	Other	Total	
Codes	Fund	Service Fund	Projects Fund	Funds	Governmental Funds	
ASSETS						
1110	Cash and Cash Equivalents	\$ 5,676,125	\$ 1,266,990	\$ -	\$ 675,710	\$ 7,618,825
1220	Property Taxes - Delinquent	1,000,420	144,096	-	-	1,144,516
1230	Allowance for Uncollectible Taxes (Credit)	(100,040)	(14,410)	-	-	(114,450)
1240	Due from Other Governments	242,760	-	-	421,903	664,663
1260	Due from Other Funds	631,135	-	300,402	-	931,537
1267	Due from Trust and Custodial Funds	1,800	-	-	-	1,800
1000	Total Assets	<u>\$ 7,452,200</u>	<u>\$ 1,396,676</u>	<u>\$ 300,402</u>	<u>\$ 1,097,613</u>	<u>\$ 10,246,891</u>
LIABILITIES						
2110	Accounts Payable	\$ 59,335	\$ -	\$ -	\$ 28,962	\$ 88,297
2170	Due to Other Funds	404,015	122,181	-	403,598	929,794
2177	Due to Trust and Custodial Funds	1,202	-	-	-	1,202
2180	Due to Other Governments	-	-	-	29,350	29,350
2200	Accrued Expenditures	-	-	300,402	-	300,402
2300	Unavailable Revenues	378,216	7,478	-	46,278	431,972
2000	Total Liabilities	<u>842,768</u>	<u>129,659</u>	<u>300,402</u>	<u>508,188</u>	<u>1,781,017</u>
DEFERRED INFLOWS OF RESOURCES						
2600	Deferred Inflows-Unavailable Revenues	900,380	129,686	-	-	1,030,066
	Total Deferred Inflows of Resources	<u>900,380</u>	<u>129,686</u>	<u>-</u>	<u>-</u>	<u>1,030,066</u>
FUND BALANCES						
Restricted for:						
3450	Federal or State Funds Restricted	-	-	-	589,425	589,425
3480	Retirement of Long-Term Debt	-	1,137,331	-	-	1,137,331
Committed for:						
3530	Capital Expenditures for Equipment	600,000	-	-	-	600,000
Assigned for:						
3570	Capital Expenditures for Equipment	1,000,000	-	-	-	1,000,000
3600	Unassigned Fund Balance	4,109,052	-	-	-	4,109,052
3000	Total Fund Balances	<u>5,709,052</u>	<u>1,137,331</u>	<u>-</u>	<u>589,425</u>	<u>7,435,808</u>
4000	Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 7,452,200</u>	<u>\$ 1,396,676</u>	<u>\$ 300,402</u>	<u>\$ 1,097,613</u>	<u>\$ 10,246,891</u>

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

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

		1
Total Fund Balances - Governmental Funds	\$	7,435,808
1 Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$	49,671,833
Less accumulated depreciation	<u>(16,972,031)</u>	32,699,802
2 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable, including unamortized premiums	(20,400,190)	
Lease & SBITA payables	(262,655)	
Vested vacation benefits payable	(23,076)	
Net pension liability	(4,018,340)	
Net OPEB liability	<u>(2,447,659)</u>	(27,151,920)
3 Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.		(268,669)
4 Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	2,926,068	
Deferred inflows of resources related to pensions	(1,582,553)	
Deferred outflows of resources related to OPEB	1,362,355	
Deferred inflows of resources related to OPEB	<u>(4,338,746)</u>	(1,632,876)
5 Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.		1,030,066
19 Net Position of Governmental Activities	<u>\$</u>	<u>12,112,211</u>

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

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

Data	10	50	60	98	
Control Codes	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total Governmental Funds
REVENUES					
5700 Local and Intermediate Sources	\$ 7,473,292	\$ 1,390,054	\$ 7,656	\$ 874,123	\$ 9,745,125
5800 State Program Revenues	3,677,372	32,455	-	309,838	4,019,665
5900 Federal Program Revenues	421,962	-	-	2,844,731	3,266,693
5020 Total Revenues	<u>11,572,626</u>	<u>1,422,509</u>	<u>7,656</u>	<u>4,028,692</u>	<u>17,031,483</u>
EXPENDITURES					
0011 Instruction	5,714,262	-	-	1,984,091	7,698,353
0012 Instructional Resources & Media Services	266,042	-	-	-	266,042
0013 Curriculum & Instructional Staff Devel.	64,247	-	-	19,216	83,463
0021 Instructional Leadership	34,329	-	-	263,156	297,485
0023 School Leadership	759,966	-	-	126,726	886,692
0031 Guidance, Counseling & Evaluation Services	251,945	-	-	678,945	930,890
0033 Health Services	61,016	-	-	-	61,016
0034 Student Transportation	538,795	-	-	48,386	587,181
0035 Food Services	40,129	-	-	567,071	607,200
0036 Extracurricular Activities	936,686	-	-	-	936,686
0041 General Administration	747,220	-	-	83,462	830,682
0051 Facilities Maintenance and Operations	1,529,140	-	-	205,399	1,734,539
0052 Security and Monitoring Services	176,222	-	-	65,464	241,686
0053 Data Processing Services	361,117	-	-	-	361,117
0061 Community Services	33,617	-	-	-	33,617
0071 Debt Service - Principal	75,972	470,000	-	3,452	549,424
0072 Debt Service - Interest	8,830	739,950	-	691	749,471
0073 Debt Service - Bond Issuance Costs	-	3,795	-	-	3,795
0081 Facilities Acquisition and Construction	3,228,186	-	1,398,550	-	4,626,736
0093 Payments to Member Dist. of SSA	214,500	-	-	-	214,500
0099 Other Intergovernmental Charges	195,017	-	-	-	195,017
6030 Total Expenditures	<u>15,237,238</u>	<u>1,213,745</u>	<u>1,398,550</u>	<u>4,046,059</u>	<u>21,895,592</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,664,612)</u>	<u>208,764</u>	<u>(1,390,894)</u>	<u>(17,367)</u>	<u>(4,864,109)</u>
OTHER FINANCING SOURCES (USES)					
7913 Proceeds from Right to Use Leased Assets	191,156	-	-	25,120	216,276
7915 Transfers In	-	-	299,068	-	299,068
8911 Transfers Out	(299,068)	-	-	-	(299,068)
7080 Total Other Financing Sources (Uses)	<u>(107,912)</u>	<u>-</u>	<u>299,068</u>	<u>25,120</u>	<u>216,276</u>
1200 Net Change in Fund Balance	(3,772,524)	208,764	(1,091,826)	7,753	(4,647,833)
0100 Fund Balance - Beginning	9,481,576	928,567	1,091,826	581,672	12,083,641
3000 Fund Balance - Ending	<u>\$ 5,709,052</u>	<u>\$ 1,137,331</u>	<u>\$ -</u>	<u>\$ 589,425</u>	<u>\$ 7,435,808</u>

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

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

Total Net Change in Fund Balances – Governmental Funds		\$ (4,647,833)
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.	
	Expenditures for capitalized assets	\$ 4,896,237
	Less current year depreciation	(2,203,625)
		2,692,612
2	Repayment of principal on bonds, notes, leases and SBITA is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and these repayments instead reduce long-term liabilities on the Statement of Net Position.	549,424
3	Issuance of long-term debt increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.	(217,845)
4	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.	87,123
5	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.	8,812
6	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.	52,614
7	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.	(112,524)
8	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.	368,561
19 Change in Net Position of Governmental Activities		\$ (1,219,056)

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

THIS PAGE LEFT BLANK INTENTIONALLY

ALPINE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
REVENUES					
5700	Local & Intermediate Sources	\$ 7,271,271	\$ 7,475,095	\$ 7,473,292	\$ (1,803)
5800	State Program Revenues	3,780,294	4,036,816	3,677,372	(359,444)
5900	Federal Program Revenues	280,000	453,337	421,962	(31,375)
5020	Total Revenues	11,331,565	11,965,248	11,572,626	(392,622)
EXPENDITURES					
Current:					
0011	Instruction	5,342,082	5,449,762	5,714,262	(264,500)
0012	Instructional Resources & Media Svcs.	262,200	338,153	266,042	72,111
0013	Curriculum & Instructional Staff Dev.	83,117	82,599	64,247	18,352
0021	Instructional Leadership	60,644	60,644	34,329	26,315
0023	School Leadership	732,553	781,553	759,966	21,587
0031	Guidance, Counseling & Evaluation Svcs.	260,032	260,682	251,945	8,737
0033	Health Services	62,561	62,561	61,016	1,545
0034	Student Transportation	525,494	575,271	538,795	36,476
0035	Food Services	37,301	40,301	40,129	172
0036	Extracurricular Activities	861,515	951,992	936,686	15,306
0041	General Administration	733,787	733,787	747,220	(13,433)
0051	Facilities Maintenance & Operations	1,348,419	1,579,420	1,529,140	50,280
0052	Security and Monitoring Services	167,450	176,450	176,222	228
0053	Data Processing Services	344,781	361,781	361,117	664
0061	Community Services	-	-	33,617	(33,617)
Debt Service:					
0071	Principal on Long Term Debt	41,345	41,345	75,972	(34,627)
0072	Interest on Long Term Debt	3,578	3,578	8,830	(5,252)
Capital Outlay:					
0081	Facilities Acquisition & Construction	-	3,500,000	3,228,186	271,814
Intergovernmental:					
0091	Contr. Instr. Svcs. between Public Schools	71,268	71,268	-	71,268
0093	Payments to Member Districts of SSA	214,500	214,500	214,500	-
0099	Other Intergovernmental Charges	274,511	274,511	195,017	79,494
6030	Total Expenditures	11,427,138	15,560,158	15,237,238	322,920
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,573)	(3,594,910)	(3,664,612)	(69,702)
OTHER FINANCING SOURCES (USES)					
7913	Proceeds from Right to Use Leased Assets	-	-	191,156	191,156
8911	Transfers Out	208,588	(149,633)	(299,068)	149,435
7080	Total Other Financing Sources (Uses)	208,588	(149,633)	(107,912)	41,721
1200	Net Change in Fund Balances	113,015	(3,744,543)	(3,772,524)	(27,981)
0100	Fund Balance-July 1 (Beginning)	9,481,576	9,481,576	9,481,576	-
3000	Fund Balance-June 30 (Ending)	\$ 9,594,591	\$ 5,737,033	\$ 5,709,052	\$ (27,981)

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

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

Data Control Codes	Business-Type Activities After School Care Program
ASSETS	
1110 Cash and Cash Equivalents	\$ 33,490
1000 Total Assets	<u>33,490</u>
LIABILITIES	
Current Liabilities:	
2170 Due to Other Funds	541
2000 Total Liabilities	<u>541</u>
NET POSITION	
3900 Unrestricted Net Position	32,949
3000 Total Net Position	<u>\$ 32,949</u>

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

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

Data Control Codes	Business-Type Activities After School Care Program
OPERATING REVENUES	
5700 Local and Intermediate Sources	\$ 16,885
5020 Total Revenues	<u>16,885</u>
OPERATING EXPENSES	
6100 Payroll Costs	9,936
6030 Total Expenses	<u>9,936</u>
Income (Loss) before Contributions and Transfers	<u>6,949</u>
1300 Change in Net Position	6,949
0100 Total Net Position - Beginning	<u>26,000</u>
3300 Total Net Position - Ending	<u><u>\$ 32,949</u></u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

Data Control Codes	Business-Type Activities After School Care Program
<u>Cash Flows from Operating Activities</u>	
Cash Received from User Charges	\$ 16,885
Cash Payments to Employees for Services	(9,936)
Net Cash Provided by (Used for) Operating Activities	<u>6,949</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,949
Cash and Cash Equivalents at the Beginning of the Year	26,541
Cash and Cash Equivalents at the End of the Year:	<u><u>\$ 33,490</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>	
Operating Income (Loss):	\$ 6,949
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 6,949</u></u>

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

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

Data Control Codes	Private- Purpose Trust Funds	865 Student Activity Fund	880 Tax Clearing Fund
ASSETS			
1110 Cash and Cash Equivalents	\$ 4,964	\$ 147,473	\$ 1,800
1000 Total Assets	<u>4,964</u>	<u>147,473</u>	<u>1,800</u>
LIABILITIES			
Current Liabilities:			
2110 Accounts Payable	-	376	-
2170 Due to Other Funds	-	-	1,800
2000 Total Liabilities	<u>-</u>	<u>376</u>	<u>1,800</u>
NET POSITION			
Restricted for:			
3800 Individuals and Organizations	4,964	147,097	-
3000 Total Net Position	<u>\$ 4,964</u>	<u>\$ 147,097</u>	<u>\$ -</u>

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

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

Data Control Codes	Private- Purpose Trust Funds	865 Student Activity Fund	880 Tax Clearing Fund
ADDITIONS			
Contributions:			
5744	Foundations, Gifts, and Bequests	\$ 1,000	\$ -
5750	Fundraising Activities	-	202,821
5020	Total Contributions	<u>1,000</u>	<u>-</u>
Investment Earnings:			
5742	Interest, Dividends, and Other	77	4,151
	Total Additions	<u>1,077</u>	<u>206,972</u>
DEDUCTIONS			
6200	Professional and Contracted Services	999	-
6400	Other Operating Costs	-	177,723
6030	Total Deductions	<u>999</u>	<u>177,723</u>
1200	Net Increase/(Decrease) in Fiduciary Net Position	78	29,249
0100	Net Position - Beginning	4,886	117,848
3000	Net Position - Ending	<u>\$ 4,964</u>	<u>\$ 147,097</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

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

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Custodial funds have no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

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

Major Funds and Fund Types

The District reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for the construction, improvement and renovation of school buildings in the District along with the acquisition of land and equipment. This fund is budgeted on a project basis rather than annually.

Additionally, the District reports the following fund types:

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

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

Private Purpose Trust Funds are fiduciary funds used to account for donations for which the donors have stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

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

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

Budgetary Information

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

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

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

Inventories - Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

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

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

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

Leases - The District has entered into various lease agreements as a lessor. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee - The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor - The District is a lessor in arrangements allowing a lessee the right to use its property. In both the government-wide financial statements and the governmental fund financial statements, the District initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

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

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

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

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

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

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

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

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

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

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

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

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

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

Data Control Codes

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

2. DEPOSITS AND INVESTMENTS

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

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

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

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

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

At June 30, 2023, the carrying amount of the District's deposits was \$7,806,552 and the bank balance was \$5,411,801. The District's deposits with financial institutions at June 30, 2023 and during the year ended June 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

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

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: West Texas National Bank, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$3,000,000.
- c) The largest cash, savings and time deposit combined account balance amounted to \$2,387,961 and occurred during the month of December 2022.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

Investments held at June 30, 2023 consisted of the following:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pools:			
TexPool	\$ 324,354	1	AAAm
Lone Star Investment Pool	11,084	1	AAAm
Texas CLASS	4,221,584	1	AAAm
Texas FIT	2,575,169	1	AAAm
Total Investments	\$ 7,132,191		

The District had investments in four external local governmental investment pool at June 30, 2023, consisting of the Texas Local Governmental Investment Pool (“TexPool”), Lone Star Investment Pool (First Public), Texas CLASS and Texas FIT. For purposes of external financial reporting, these investments have been classified as Cash and Cash Equivalents in the financial statements due to their liquidity.

TEXPOOL

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

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

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

Lone Star (First Public)

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

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

Texas Class (Public Trust)

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Fund management expects the fund to maintain a maximum dollar-weighted average maturity of 60 days or less, and all investments will have a maximum maturity of 397 days or less, except for variable rate securities issued by the U.S. Treasury or agencies in instrumentalities, which carry a maximum maturity of 762 days. Eligible investments include securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities, and repurchase agreements.

Public Trust Advisors, LLC serves as the pool's administrator and investment adviser. The marketing and operation functions of the portfolio are also performed by Public Trust Advisors, LLC. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS Participants. Wells Fargo Bank, N.A. serves as custodian for the pool.

Texas FIT

The Texas Fixed Income Trust (TX-FIT) is an investment solution designed specifically to fit the needs of Texas' local governments. The trust features two investment pools: Cash Pool and Government Pool. The pools are established pursuant to Texas' regulatory requirement as authorized local government investments and are held in trust under the U.S. Fixed Income Trust (US-FIT), a Delaware statutory trust. Water Walker Investments (WWI) serves as the pools' investment advisor and specializes in asset management and investment advisory services for government entities. A Registered Investment Advisor, WWI was established in 2000 as Wertz York Capital Management Group, LLC and launched its first LGIP in 2012. The compliance provider engaged by the investment advisor, Fit Compliance, as well as the US-FIT Board of Trustees, provide oversight of the pools. WWI aims to structure the investment portfolios in such a manner as to provide sufficient liquidity to pay expected redemptions. The pools are ultra-short to medium-term duration local government investment pools (LGIPs) that seek current income with the additional objective of capital preservation and liquidity.

The TX-FIT Cash Pool was established and created pursuant to Chapters 2256.791, 2257 and 404.101 of the Texas Government Code in August 2019 to provide local and state government entities access to diversified, high credit quality strategies for their cash reserves and is a high-quality money market alternative for local government investors. It is a floating NAV (Net Asset Value) investment vehicle that purchases highly rated short-term investments designed to add diversification with multiple asset classes and a competitive yield to

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

other cash alternatives. Providing same day liquidity to participants, the pool is managed as a dollar-in/dollar-out product. The TX-FIT Government Pool provides Texas' public entities a conservatively managed, PFIA compliant, investment option with no corporate exposure. The TX-FIT Government Pool seeks preservation of principal, a competitive yield and a stable NAV, while also providing same day liquidity to its participants.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At June 30, 2023, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At June 30, 2023, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At June 30, 2023, the District had 100% of its investments in money market accounts and local governmental investment pools.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At June 30, 2023, investments were included in local government investment pools which have a weighted average maturity of one day.

3. PROPERTY TAXES

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

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2022, upon which the October 2022 levy was based was \$719,405,950. The District levied taxes based on a combined tax rate of \$1.1361 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

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

4. DUE FROM/TO OTHER GOVERNMENTS

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

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of June 30, 2023 are summarized below:

Due From Other Governments:	General	Non-Major	
	Fund	Governmental	Total
Governmental Activities:			
Foundation & Per Capita Entitlements	\$ 242,760	\$ -	\$ 242,760
State Grants	-	16,398	16,398
Federal Grants	-	352,371	352,371
Miscellaneous	-	53,134	53,134
Total - Governmental Activities	\$ 242,760	\$ 421,903	\$ 664,663

Due To Other Governments:	Non-Major
	Governmental
	Funds
Governmental Activities:	
Federal Grants	\$ 24,965
Miscellaneous	4,385
Total - Governmental Activities	\$ 29,350

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

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

During the year, the General Fund transferred \$299,068 to the Capital Projects Fund to provide for supplemental financing needs.

The composition of interfund balances as of June 30, 2023 was as shown on the next page:

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

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 104,814
	Special Revenue Funds	403,599
	Debt Service Fund	122,181
	Enterprise Fund	541
	Trust and Custodial Funds	1,800
Total General Fund		<u>632,935</u>
Capital Project Fund	General Fund	<u>300,402</u>
Total Capital Project Fund		<u>300,402</u>
Grand Total		<u>\$ 933,337</u>

6. CAPITAL ASSETS

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

	Beginning Balance 7/1/22	Additions	Retirements	Adjustments	Ending Balance 6/30/23
Governmental Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 275,907	\$ -	\$ -	\$ -	\$ 275,907
Construction in Progress	22,061,258	-	-	(22,061,258)	-
Total Capital Assets, not Being Depreciated	<u>22,337,165</u>	<u>-</u>	<u>-</u>	<u>(22,061,258)</u>	<u>275,907</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	19,146,776	4,581,136	(1,268,017)	22,061,258	44,521,153
Furniture and Equipment	4,453,966	98,825	(99,422)	205,128	4,658,497
Right to Use Leased Assets	205,128	208,170	-	(205,128)	208,170
SBITA Assets	-	8,106	-	-	8,106
Total Capital Assets, Being Depreciated	<u>23,805,870</u>	<u>4,896,237</u>	<u>(1,367,439)</u>	<u>22,061,258</u>	<u>49,395,926</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(12,366,896)	(1,958,509)	1,268,017	-	(13,057,388)
Furniture and Equipment	(3,707,410)	(201,860)	99,422	(61,539)	(3,871,387)
Equipment under capital lease	(61,539)	-	-	61,539	-
Right to Use Leased Assets	-	(41,635)	-	-	(41,635)
SBITA Assets	-	(1,621)	-	-	(1,621)
Total Accumulated Depreciation	<u>(16,135,845)</u>	<u>(2,203,625)</u>	<u>1,367,439</u>	<u>-</u>	<u>(16,972,031)</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,007,190</u>	<u>\$ 2,692,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,699,802</u>

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

Depreciation expense was charged to the functions of the District as shown on the next page:

Function	Depreciation Allocation
Instruction	\$ 1,062,515
Instructional Resources & Media Services	36,719
Curriculum & Instructional Staff Development	11,519
Instructional Leadership	41,058
School Leadership	122,380
Guidance, Counseling & Evaluation Services	128,480
Health Services	8,421
Student Transportation	81,042
Food Services	83,805
Extracurricular Activities	129,280
General Administration	114,649
Facilities Maintenance and Operations	239,398
Security and Monitoring Services	33,357
Data Processing Services	49,841
Community Services	4,640
Payments to Member Dist. of SSA	29,605
Other Intergovernmental Charges	26,916
Totals	\$ 2,203,625

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

7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Governmental activities long-term debt obligations at June 30, 2023 consisted of the following:

General Long-Term Debt Description	Outstanding at June 30, 2023
\$20,245,000 Unlimited Tax School Building Bonds, Series 2019, due through February 15, 2049; interest at 2.0% to 5.0%.	\$ 18,135,000
\$2,613,682 Premium on Issuance of Unlimited Tax School Building Bonds, Series 2019, amortized through February 15, 2049.	2,265,190
Right to Use Lease Assets Payable:	
\$205,128 Capital Lease for Lighting Retrofitting, issued 2020, due in monthly installments of \$3,744 through January 2025; interest at 3.63%.	76,058
\$10,867 RTU Lease Payable for Canon Copier (IR-DX-4845), due in remaining monthly installments of \$199.05 through 2027; interest at 3.9%.	9,374
\$15,618 RTU Lease Payable for Canon Copier (IR-DX-C5850), due in remaining monthly installments of \$285.82 through 2027; interest at 3.9%.	13,475
\$124,618 RTU Lease Payable for Canon Copier (IR-DX-6860i) (6), due in remaining monthly installments of \$2,281.97 through 2027; interest at 3.9%.	107,504
\$42,814 RTU Lease Payable for Canon Copier (IR-DX-C5840) (3), due in remaining monthly installments of \$783.66 through 2027; interest at 3.9%.	36,937
\$14,253 RTU Lease Payable for Canon Copier (IR-DX-C5840) (1), due in remaining monthly installments of \$261.22 through 2027; interest at 3.9%.	12,294
Subscription Based IT Arrangements Payable:	
\$8,106 Subscription Based IT Arrangement for Canon Uniflow Education Software, due in remaining monthly installments of \$146.23 through 2027; interest at 3.9%.	7,013
Compensated absences earned by employees and accrued as a long-term liability.	23,076
Total General Long-Term Debt	\$ 20,685,921

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

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

Type	Outstanding 7/1/22	Additions	Deletions	Outstanding 6/30/23	Due in One Year
Bonds Payable:					
General Obligation & Refunding Bonds	\$ 18,605,000	\$ -	\$ (470,000)	\$ 18,135,000	\$ 475,000
Premium on Issuance of Bonds	2,352,313	-	(87,123)	2,265,190	-
Total Bonds Payable	<u>20,957,313</u>	<u>-</u>	<u>(557,123)</u>	<u>20,400,190</u>	<u>475,000</u>
Other Long-Term Liabilities:					
Right to Use Leased Assets Payable	125,803	208,170	(78,331)	255,642	82,307
Subscription-Based IT Arrangements	-	8,106	(1,093)	7,013	1,508
Vested Vacation Benefits Payable	21,507	1,569	-	23,076	11,538
Total Other Long-Term Liabilities	<u>147,310</u>	<u>217,845</u>	<u>(79,424)</u>	<u>285,731</u>	<u>95,353</u>
Total Governmental Activities	<u>\$ 21,104,623</u>	<u>\$ 217,845</u>	<u>\$ (636,547)</u>	<u>\$ 20,685,921</u>	<u>\$ 570,353</u>

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

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of June 30, 2023 are as follows:

Year Ended June 30,	Bonds Payable		Total Requirements
	Principal	Interest	
2024	\$ 475,000	\$ 716,450	\$ 1,191,450
2025	485,000	692,700	1,177,700
2026	495,000	668,450	1,163,450
2027	500,000	658,550	1,158,550
2028	515,000	633,550	1,148,550
2029-2033	2,840,000	2,802,250	5,642,250
2034-2038	3,235,000	2,295,600	5,530,600
2039-2043	3,860,000	1,620,600	5,480,600
2044-2048	4,680,000	786,000	5,466,000
2049	1,050,000	42,000	1,092,000
Total	<u>\$ 18,135,000</u>	<u>\$ 10,916,150</u>	<u>\$ 29,051,150</u>

8. RIGHT TO USE LEASES

Leases are defined by the general government as the right to use an underlying asset. As lessee, the District recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

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

The District calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

The debt service requirement for right to use leased assets payable as of June 30, 2023 are as follows:

Year Ended June 30,	Leases Payable		Total Requirements
	Principal	Interest	
2024	\$ 82,307	\$ 8,239	\$ 90,546
2025	74,189	5,121	79,310
2026	42,630	3,111	45,741
2027	44,323	1,418	45,741
2028	12,193	81	12,274
Total	\$ 255,642	\$ 17,970	\$ 273,612

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

Subscription Based Information Technology Arrangements are defined by the general government as the right to use an underlying information technology subscription asset. As lessee, the District recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. SBITA's are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The District calculates the amortization of the discount on the SBITA and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

The debt service requirements for the District's SBITA payables as of June 30, 2023 are as follows:

Year Ended June 30,	Subscription-Based IT Arrangements		Total Requirements
	Principal	Interest	
2024	\$ 1,508	\$ 247	\$ 1,755
2025	1,568	187	1,755
2026	1,630	125	1,755
2027	1,695	60	1,755
2028	612	5	617
Total	\$ 7,013	\$ 624	\$ 7,637

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

10. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Annual Comprehensive Financial Report within Note 1 to the financial statements. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002.

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

C. Contributors to the Plan

Contributors to the Plan include active members, employers, and the State of Texas as the only non-employer contributing entity. The State is also 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.

The number of participating employers during fiscal year 2022 are disclosed in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,021
Charter Schools (open enrollment only)	197
Community and Junior Colleges	50
Senior Colleges and Universities	48
Regional Service Centers	20
Medical Schools	9
Educational Districts	2
State Agency	1
Total	1,348

Plan membership as of August 31, 2021 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2021 (see Section F), the Plan membership counts are as of August 31, 2021.

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

<u>Pension Plan Membership</u>	
Retired plan members or beneficiaries currently receiving benefits	458,133
Inactive plan members entitled to but not yet receiving benefits	501,241
Active plan members	918,545
	1,877,919

The Average Expected Remaining Service Life (AERSL) of 5.7052 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the 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.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

- On the portion of a 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, private, local or non-educational and general 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.

Employers are also required to pay surcharges in the following cases:

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

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

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown as follows:

<u>Contribution Rates</u>	<u>2022</u>	<u>2023</u>
Members	8.00%	8.00%
Employer	7.75%	8.00%
State of Texas (NECE)	7.75%	8.00%
 <u>Contribution Amounts</u>		
Members	\$ 647,445	\$ 708,496
Employer	314,664	341,670
State of Texas (NECE)	505,321	554,466

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2022 are disclosed as follows.

<u>Components of Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 243,553,045,455
Less: Plan Fiduciary Net Position	(184,185,617,196)
Net Pension Liability	<u>\$ 59,367,428,259</u>
Net Position as Percentage of Total Pension Liability	75.62%

F. Actuarial Methods and Assumptions

Roll Forward

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

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

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

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

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

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return*	Expected Contribution to Long- Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.50%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	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	<u>100.00%</u>		<u>8.19%</u>

*Absolute Return includes Credit Sensitive Investments.

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

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

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

The following table discloses the assumptions that were applied to this measurement period.

Actuarial Methods and 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-employment benefit changes	None

The actuarial 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.

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

G. 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 nonemployer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

H. Change of Assumptions Since the Prior Measurement Date

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.

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

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.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption			
	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Net Pension Liability:	\$ 6,251,013	\$ 4,018,340	\$ 2,208,653

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last measured as of 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 District was assigned a proportion of the Plan’s Net Pension Liability based on the District’s contributions to the Plan relative to the contributions of all employers for the period September 1, 2021 through August 31, 2022.

The table on the next page presents a two-year comparison of the District’s assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State’s proportionate share of the Net Pension Liability associated with the District.

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

	Measurement Date		Change
	8/31/21	8/31/22	
District's Proportion of the Collective Net Pension Liability	0.000060223214	0.000067685937	0.000007462723
District's Proportionate Share of the Net Pension Liability	\$ 1,533,672	\$ 4,018,340	\$ 2,484,668
State's Proportionate Share of the Net Pension Liability Associated with the District	2,805,251	6,113,169	3,307,918
Total Pension Liability	\$ 4,338,923	\$ 10,131,509	\$ 5,792,586

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 58,266	\$ 87,607
Changes in actuarial assumptions	748,748	186,609
Difference between projected and actual investment earnings	1,561,286	1,164,287
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	268,162	144,050
Contributions paid to TRS subsequent to the measurement date	289,606	-
Total	\$ 2,926,068	\$ 1,582,553

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

Measurement Year Ended June 30,	Pension Expense Amount
2023	\$ 255,068
2024	144,431
2025	65,662
2026	493,648
2027	95,100
Thereafter	-

For the year ended June 30, 2023, Alpine Independent School District recognized pension expense of \$112,524 and revenue of \$584,350 for support provided by the State.

11. EMPLOYEE HEALTH CARE COVERAGE

During the year ended June 30, 2023, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$225 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

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

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

A. Plan Description

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) 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 Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with the 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. Further detailed information regarding TRS and TRS-Care is available in a separately issued Annual Comprehensive Financial Report for TRS that includes financial statements and required supplementary information. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. 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.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$300,000,000 as of August 31, 2022.

C. Contributors to TRS-Care

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2022, the number of participating employers are presented in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,020
Open Enrollment Charter Schools	197
Regional Service Centers	20
Other Educational Districts	2
Total	1,239

TRS-Care plan membership as of August 31, 2021 is shown in the table on the next page. Because the actuarial valuation was based on a roll-forward (See Section F), the counts are as of that date.

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

<u>TRS-Care Plan Membership</u>	
Active plan members	751,105
Inactive plan members currently receiving benefits	188,016
Inactive plan members entitled to but not yet receiving benefits	13,014
Total	952,135

The Average Expected Remaining Service Life (AERSL) of 9.2179 is based on the membership information as of the beginning of the fiscal year.

D. Contributions

Contribution rates for the TRS-Care plan are established in State Statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions; and contributions from the state, active employees, and participating employers are based on active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee rate which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2022.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below:

<u>Contribution Rates</u>	<u>2022</u>	<u>2023</u>
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%
 <u>Contribution Amounts</u>		
Members	\$ 52,920	\$ 57,565
Employer	86,405	90,687
State of Texas (NECE)	89,174	97,847

* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2022 totaled \$11,849,525.

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

A supplemental appropriation was authorized by Senate Bill 8 of the third-called legislature that granted \$83 million to TRS-Care from the federal American Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022. The premium rates for retirees are reflected in the following table.

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

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

E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2022 are disclosed in the following table.

<u>Components of OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 27,061,942,520
Less: Plan Fiduciary Net Position	<u>(3,117,937,218)</u>
Net OPEB Liability	<u>\$ 23,944,005,302</u>
Net Position as a Percentage of Total OPEB Liability	11.52%

The Net OPEB Liability decreased by \$14.7 billion, from \$38.6 billion as of August 31, 2021, to \$23.9 billion as of August 31, 2022. The decrease was due to a combination of favorable claims experience, changes in participation assumptions, and a large increase in the discount rate from 1.95 percent to 3.91 percent.

F. Actuarial Methods and Assumptions

Roll Forward

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 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.

Demographic Assumptions

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

Mortality Assumptions

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. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

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

Election Rates

Normal Retirement - 65 percent participation rate prior to age 65 and 25 percent participation rate after age 65.
Pre-65 retirees - 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65.

Health Care Trend Rates

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

Actuarial Methods and Assumptions

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

G. Discount Rate

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

The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022. Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB Liability.

H. Change of Assumptions Since the Prior Measurement Date

The single discount rate changed from 2.33 percent as of August 31, 2020 to 1.95 percent, as of August 31, 2021. This change increased the Total OPEB Liability.

I. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.91 percent or one percentage point higher, 4.91 percent, than the AA/Aa rate. The source for the rate is the Fixed Income 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", as of August 31, 2022.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption			
	1% Decrease 2.91%	Current Single Discount Rate 3.91%	1% Increase 4.91%
District's Proportionate Share of the Net OPEB Liability	\$ 2,885,985	\$ 2,447,659	\$ 2,092,560

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

J. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

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

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 2,016,882	\$ 2,447,659	\$ 3,006,106

K. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2021 through August 31, 2022.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

	Measurement Date		Change
	8/31/21	8/31/22	
District's Proportion of the Collective Net OPEB Liability	0.000100553346	0.000102224311	0.000001670965
District's Proportionate Share of the Net OPEB Liability	\$ 3,878,792	\$ 2,447,659	\$ (1,431,133)
State's Proportionate Share of the Net OPEB Liability Associated with the District	5,196,717	2,985,760	(2,210,957)
Total OPEB Liability	\$ 9,075,509	\$ 5,433,419	\$ (3,642,090)

At June 30, 2023, Alpine Independent School District reported its proportionate share of 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	\$ 136,081	\$ 2,039,120
Changes in actuarial assumptions	372,827	1,700,488
Difference between projected and actual investment earnings	7,317	26
Change in proportion and difference between the employer's contributions and the proportionate share of contributions	769,072	599,112
Contributions paid to TRS subsequent to the measurement date	77,058	-
Total	\$ 1,362,355	\$ 4,338,746

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

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

Measurement Year Ended June 30,	OPEB Expense Amount
2023	\$ (560,362)
2024	(560,339)
2025	(456,540)
2026	(316,016)
2027	(345,444)
Thereafter	(814,748)

For the year ended June 30, 2023, Alpine Independent School District recognized OPEB expense of (\$368,561) and revenue of (\$423,704) for support provided by the State.

13. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2023 and June 30, 2022, the subsidy payments received by TRS-Care on behalf of the District were \$46,340 and \$26,382, respectively.

14. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District’s General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

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

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

15. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	Major Debt Service Fund	Major Capital Projects Fund	Non-Major Governmental Funds	Proprietary Funds	Trust Funds	Custodial Funds	Total
Property Taxes	\$ 6,724,312	\$ 1,352,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,076,427
Tuition and Fees	30,017	-	-	-	16,885	-	-	46,902
Investment Income	334,358	37,939	7,656	-	-	77	4,151	384,181
Rent	14,400	-	-	-	-	-	-	14,400
Gifts	75,165	-	-	82,113	-	1,000	-	158,278
Insurance Recovery	53,842	-	-	11,563	-	-	-	65,405
Food Sales	-	-	-	128,697	-	-	-	128,697
Athletics	32,801	-	-	-	-	-	-	32,801
Enterprising Revenues	-	-	-	-	-	-	202,821	202,821
Miscellaneous Local Revenue	208,397	-	-	651,750	-	-	-	860,147
Total	\$ 7,473,292	\$ 1,390,054	\$ 7,656	\$ 874,123	\$ 16,885	\$ 1,077	\$ 206,972	\$ 9,970,059

16. UNEARNED REVENUE

Unearned revenue at June 30, 2023 consisted of the following amounts:

Fund	State Grants	Federal Grants	Total
General Fund	\$ -	\$ 378,216	\$ 378,216
Debt Service Fund	7,478	-	7,478
Non-Major Governmental Funds	20,361	25,917	46,278
Total	\$ 27,839	\$ 404,133	\$ 431,972

17. RISK MANAGEMENT

The District’s risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers’ compensation, and other miscellaneous bonds. During the year ended June 30, 2023, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

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

18. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District’s grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended June 30, 2023, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

19. TAX LIMITATION AGREEMENT

On December 16, 2014, the District’s Board of Trustees approved an agreement with SolaireHolman 1 LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to Chapter 313 of the Texas Tax Code. Value limitation agreements are 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 a statute. The project(s) must be consistent with the State’s goal to “encourage large scale capital investments in this State.” Chapter 313 grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and Texas Priority projects. SolaireHolman 1 LLC qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as a renewable energy electric generation.

SolaireHolman 1 LLC, has been required to meet a series of capital investment, job creation, and wage requirements specified by State law. At the time of the application’s approval, it was determined by both the District’s Board of Trustees and the Texas Comptroller’s Office that the project would meet these standards. 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.

As of June 30, 2023, the following information is available regarding the status of the project and impact on maintenance and operations taxes:

				(A)	(B)	(C)	(D)	(B+C+D-A)
Applying Entity	App. No.	Market Value of Qualified Property (Before Limitation)	M&O Taxable Value (After Limitation)	Gross Tax Savings to Entity	Revenue Protection Payments	Extraord. Education Expense Payments	Suppl. Payments	Net Benefit (Loss) to the District
SolaireHolman 1, LLC	1025	\$ 45,161,130	15,000,000	302,335	-	-	120,000	(182,335)

20. SHARED SERVICES ARRANGEMENT – FISCAL AGENT

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement (SSA) which provides special education and Medicaid reimbursement services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in the FASRG, the District has accounted for the fiscal agent’s activities using Model 2 for the Special Education Program and Medicaid reimbursement services.

THIS PAGE LEFT BLANK INTENTIONALLY

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

Expenditures of the SSA are summarized below:

Member Districts	Shared Services Arrangement- IDEA-Part B, Formula	Shared Services Arrangement- IDEA-Part B, Preschool
	Alpine ISD	\$ 278,291
Balmorhea ISD	38,533	5,692
Culberson ISD	81,346	12,016
Fort Davis ISD	55,658	8,221
Marathon ISD	4,281	632
Marfa ISD	70,643	10,435
Presidio ISD	160,552	23,716
San Vicente ISD	4,281	632
Sierra Blanca ISD	49,236	7,273
Terlingua ISD	27,829	4,111
Terrell County ISD	64,221	9,486
Valentine ISD	10,703	1,581
Totals	\$ 845,575	\$ 124,903

21. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARD

During the year the District implemented Governmental Accounting Standards Board Statement No. 96 – *Subscription-Based Information Technology Arrangements* (“GASB 96”). The objective of GASB 96 is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for Subscription Based Information Technology Arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. At the commencement of the subscription term, a government should recognize a subscription liability and an intangible right-to-use asset (a capital asset). The commencement of the subscription term occurs when the initial implementation stage is completed, at which time the government has obtained control of the right to use the underlying IT assets, and therefore, the subscription asset is placed into service.

The District has recorded SBITAs as a result of implementing GASB 96. The right to use assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any payments made prior to the subscription term, less incentives, and plus ancillary charges necessary to place the subscription into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

In the year of implementation, GASB 96 requires a retroactive restatement of prior periods to reflect the effect on the net position as if the standard had been in effect in prior years. However, the District’s only SBITAs that were required to be recorded were subscriptions whereby the District entered into the arrangements after the beginning of the fiscal year ended June 30, 2023. Therefore, a restatement was not required.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year			
	2022	2021	2020	2019
District's Proportion of the Net Pension Liability	0.0067685937%	0.0060223214%	0.0062920330%	0.0063041258%
District's Proportionate Share of the Net Pension Liability	\$ 4,018,340	\$ 1,533,672	\$ 3,369,885	\$ 3,277,082
State's Proportionate Share of the District Net Pension Liability	6,113,169	2,805,251	5,924,567	5,967,569
Total Pension Liability	<u>\$ 10,131,509</u>	<u>\$ 4,338,923</u>	<u>\$ 9,294,452</u>	<u>\$ 9,244,651</u>
District's Covered-Employee Payroll	\$ 8,141,631	\$ 8,141,631	\$ 7,888,708	\$ 7,742,154
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	49.36%	18.84%	42.72%	42.33%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	75.62%	88.79%	75.54%	75.24%

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

This schedule reflects the available years of data since the adoption of GASB 68.

Measurement Year				
2018	2017	2016	2015	2014
0.0065337646%	0.0067120247%	0.0068974673%	0.0078190000%	0.0039540000%
\$ 3,596,343	\$ 2,146,144	\$ 2,606,450	\$ 2,763,877	\$ 1,051,061
<u>6,425,629</u>	<u>4,043,278</u>	<u>4,926,011</u>	<u>4,733,585</u>	<u>4,430,329</u>
<u>\$ 10,021,972</u>	<u>\$ 6,189,422</u>	<u>\$ 7,532,461</u>	<u>\$ 7,497,462</u>	<u>\$ 5,481,390</u>
\$ 7,802,917	\$ 7,816,132	\$ 7,646,013	\$ 7,541,021	\$ 7,606,247
46.09%	27.46%	34.09%	36.65%	13.82%
73.74%	82.17%	78.00%	78.43%	83.25%

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS –
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2023

	Fiscal Year			
	2023	2022	2021	2020
Contractually Required Contribution	\$ 341,670	\$ 314,664	\$ 248,252	\$ 255,624
Contribution in Relation to the Contractually Required Contribution	<u>(341,670)</u>	<u>(314,664)</u>	<u>(248,252)</u>	<u>(255,624)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 8,856,190	\$ 8,141,631	\$ 7,888,708	\$ 7,773,059
Contributions as a Percentage of Covered-Employee Payroll	3.86%	3.86%	3.15%	3.29%

The amounts presented are as of the District's fiscal year end of June 30.

This schedule reflects the available years of data since the inception of GASB 68 and will eventually reflect ten years of data.

Fiscal Year				
2019	2018	2017	2016	2015
\$ 228,252	\$ 223,084	\$ 217,739	\$ 221,052	\$ 218,268
<u>(228,252)</u>	<u>(223,084)</u>	<u>(217,739)</u>	<u>(221,052)</u>	<u>(218,268)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,742,154	\$ 7,802,917	\$ 7,816,132	\$ 7,646,013	\$ 7,541,021
2.95%	2.86%	2.79%	2.89%	2.89%

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	Measurement Year			
	2022	2021	2020	2019
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0102224311%	0.0100553346%	0.0111772619%	0.0099938963%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$ 2,447,659	\$ 3,878,792	\$ 4,248,982	\$ 4,726,236
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	<u>2,985,760</u>	<u>5,196,717</u>	<u>5,709,613</u>	<u>6,280,110</u>
Total Other Post Employment Benefits Liability	<u>\$ 5,433,419</u>	<u>\$ 9,075,509</u>	<u>\$ 9,958,595</u>	<u>\$ 11,006,346</u>
District's Covered Payroll	\$ 8,141,631	\$ 7,888,708	\$ 7,773,059	\$ 7,742,154
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	30.06%	49.17%	54.66%	61.05%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	11.52%	6.18%	4.99%	2.66%

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

This schedule reflects the available years of data since the adoption of GASB 75.

<u>Measurement Year</u>	
<u>2018</u>	<u>2017</u>
0.0094680482%	0.0096841492%
\$ 4,727,483	\$ 4,211,273
<u>6,403,187</u>	<u>5,875,885</u>
<u>\$ 11,130,670</u>	<u>\$ 10,087,158</u>
\$ 7,802,917	\$ 7,816,132
60.59%	53.88%
1.57%	0.91%

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	Fiscal Year			
	2023	2022	2021	2020
Contractually Required Contribution	\$ 90,687	\$ 86,405	\$ 77,912	\$ 85,149
Contribution in Relation to the Contractually Required Contribution	<u>(90,687)</u>	<u>(86,405)</u>	<u>(77,912)</u>	<u>(85,149)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 8,856,190	\$ 8,141,631	\$ 7,888,708	\$ 7,773,059
Contributions as a Percentage of Covered Payroll	1.02%	1.06%	0.99%	1.10%

The amounts presented are as of the District's fiscal year end of June 30.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

Fiscal Year		
2019	2018	2017
\$ 65,279	\$ 48,138	\$ 42,988
(65,279)	(48,138)	(42,988)
\$ -	\$ -	\$ -
\$ 7,742,154	\$ 7,802,917	\$ 7,816,132
0.84%	0.62%	0.55%

THIS PAGE LEFT BLANK INTENTIONALLY

ALPINE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Teacher Retirement System

Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB 68. Actuarial methods and assumptions used for funding purposes can be found in the Teacher Retirement System of Texas Pension Plan note to the financial statements.

Changes of Benefit Terms

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

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.
-

Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS-Care note to the financial statements.

Changes of Benefit Terms

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$300,000,000 as of August 31, 2022.

Changes of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

- The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022.
- Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB Liability.

THIS PAGE LEFT BLANK INTENTIONALLY

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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

Data	211	240	255	271	282
Control		National Breakfast and Lunch Program		Workforce Investment Act Youth Activities	
Codes	ESEA, Title I, Part A		ESEA, Title II, Part A		ESSER III
ASSETS					
1110 Cash and Cash Equivalents	\$ -	\$ 50,860	\$ 500	\$ 25,417	\$ -
1240 Due from Other Governments	-	-	9,373	-	216,124
1000 Total Assets	<u>\$ -</u>	<u>\$ 50,860</u>	<u>\$ 9,873</u>	<u>\$ 25,417</u>	<u>\$ 216,124</u>
LIABILITIES					
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
2170 Due to Other Funds	-	-	9,373	-	216,124
2180 Due to Other Governments	-	-	-	-	-
2300 Unearned Revenues	-	-	500	25,417	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>9,873</u>	<u>25,417</u>	<u>216,124</u>
FUND BALANCES					
Restricted for:					
3450 Federal or State Funds Restricted	-	50,860	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>50,860</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liab., Def. Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 50,860</u>	<u>\$ 9,873</u>	<u>\$ 25,417</u>	<u>\$ 216,124</u>

289	313	314	315	331	364	365	397
Federally Funded Spec. Rev. Fund	Shared Services Arrangements- IDEA-Part B, Formula	Shared Services Arrangements- IDEA-Part B, Preschool	Shared Services Arrangements- IDEA-Part B, Discretionary	Shared Services Arrangements- Career and Technical- Basic Grant	Shared Services Arrangements- IDEA-Part B, Formula-ARP	Shared Services Arrangements- IDEA-Part B, Preschool- ARP	Advanced Placement Incentives
\$ - 4,062	\$ - 74,809	\$ - 1,800	\$ - 46,203	\$ 17,289 -	\$ - -	\$ - -	\$ 5,332 -
\$ 4,062	\$ 74,809	\$ 1,800	\$ 46,203	\$ 17,289	\$ -	\$ -	\$ 5,332
\$ - 4,062 - -	\$ - 49,844 24,965 -	\$ - 1,800 - -	\$ - 46,203 - -	\$ - 17,289 - -	\$ - - -	\$ - - -	\$ - - - 5,332
4,062	74,809	1,800	46,203	17,289	-	-	5,332
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 4,062	\$ 74,809	\$ 1,800	\$ 46,203	\$ 17,289	\$ -	\$ -	\$ 5,332

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

	401	410	411	429	437
Data	Funded				Shared
Control	Optional	State		State Funded	Services
Codes	Extended-	Instructional	Technology	Special	Arrangements-
	Year	Materials	Allotment	Revenue	Special
	Program	Fund		Funds	Education
ASSETS					
1110 Cash and Cash Equivalents	\$ 5,355	\$ 5,336	\$ 2,145	\$ 18,849	\$ 544,627
1240 Due from Other Governments	-	8,034	-	8,364	-
1000 Total Assets	<u>\$ 5,355</u>	<u>\$ 13,370</u>	<u>\$ 2,145</u>	<u>\$ 27,213</u>	<u>\$ 544,627</u>
LIABILITIES					
2110 Accounts Payable	\$ -	\$ 2,220	\$ -	\$ -	\$ 11,556
2170 Due to Other Funds	-	-	-	20,955	-
2180 Due to Other Governments	-	-	-	-	4,385
2300 Unearned Revenues	5,355	3,386	2,145	4,143	-
2000 Total Liabilities	<u>5,355</u>	<u>5,606</u>	<u>2,145</u>	<u>25,098</u>	<u>15,941</u>
FUND BALANCES					
Restricted for:					
3450 Federal or State Funds Restricted	-	7,764	-	2,115	528,686
3000 Total Fund Balances	<u>-</u>	<u>7,764</u>	<u>-</u>	<u>2,115</u>	<u>528,686</u>
4000 Total Liab., Def. Inflows & Fund Balances	<u>\$ 5,355</u>	<u>\$ 13,370</u>	<u>\$ 2,145</u>	<u>\$ 27,213</u>	<u>\$ 544,627</u>

498	499	
OOG Grant / BBRMC Grant	Locally Funded SRF	Total Non- Major Governmental Funds
\$ -	\$ -	\$ 675,710
27,815	25,319	421,903
<u>\$ 27,815</u>	<u>\$ 25,319</u>	<u>\$ 1,097,613</u>
\$ 15,186	\$ -	\$ 28,962
12,629	25,319	403,598
-	-	29,350
-	-	46,278
<u>27,815</u>	<u>25,319</u>	<u>508,188</u>
-	-	589,425
-	-	589,425
<u>\$ 27,815</u>	<u>\$ 25,319</u>	<u>\$ 1,097,613</u>

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

Data	211	240	255	271	282
Control		National Breakfast and Lunch Program		Workforce Investment Act Youth Activities	
Codes	ESEA, Title I, Part A		ESEA, Title II, Part A		ESSER III
REVENUES					
5700 Local and Intermediate Sources	\$ -	\$ 128,697	\$ -	\$ -	\$ -
5800 State Program Revenues	-	2,355	-	-	-
5900 Federal Program Revenues	216,463	385,018	38,521	-	1,003,575
5020 Total Revenues	216,463	516,070	38,521	-	1,003,575
EXPENDITURES					
0011 Instruction	216,463	-	38,521	-	716,313
0013 Curriculum & Instructional Staff Development	-	-	-	-	17,941
0021 Instructional Leadership	-	-	-	-	-
0023 School Leadership	-	-	-	-	29,186
0031 Guidance, Counseling & Evaluation Services	-	-	-	-	-
0034 Student Transportation	-	-	-	-	48,386
0035 Food Services	-	569,071	-	-	(2,000)
0041 General Administration	-	-	-	-	83,462
0051 Facilities Maintenance and Operations	-	-	-	-	110,287
0052 Security and Monitoring Services	-	-	-	-	-
0071 Debt Service - Principal	-	-	-	-	-
0072 Debt Service - Interest	-	-	-	-	-
6030 Total Expenditures	216,463	569,071	38,521	-	1,003,575
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(53,001)	-	-	-
OTHER FINANCING SOURCES (USES)					
7913 Proceeds from Right to Use Leased Assets	-	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-	-
1200 Net Change in Fund Balance	-	(53,001)	-	-	-
0100 Fund Balance - Beginning	-	103,861	-	-	-
3000 Fund Balance - Ending	\$ -	\$ 50,860	\$ -	\$ -	\$ -

289	313	314	315	331	364	365	397
Federally Funded Spec. Rev. Fund	Shared Services Arrangements- IDEA-Part B, Formula	Shared Services Arrangements- IDEA-Part B, Preschool	Shared Services Arrangements- IDEA-Part B, Discretionary	Shared Services Arrangements- Career and Technical- Basic Grant	Shared Services Arrangements- IDEA-Part B, Formula-ARP	Shared Services Arrangements- IDEA-Part B, Preschool- ARP	Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
35,338	845,575	21,544	124,903	-	164,677	9,117	-
35,338	845,575	21,544	124,903	-	164,677	9,117	-
19,776	258,441	-	124,903	-	104,419	-	-
-	1,275	-	-	-	-	-	-
-	51,489	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	534,370	21,544	-	-	60,258	9,117	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,562	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,338	845,575	21,544	124,903	-	164,677	9,117	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	401	410	411	429	437
Data	Funded Optional Extended- Year Program	State Instructional Materials Fund	Technology Allotment	State Funded Special Revenue Funds	Shared Services Arrangements- Special Education
Control					
Codes					
REVENUES					
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -	\$ 663,313
5800 State Program Revenues	-	57,633	-	72,215	-
5900 Federal Program Revenues	-	-	-	-	-
5020 Total Revenues	-	57,633	-	72,215	663,313
EXPENDITURES					
0011 Instruction	-	49,869	-	66,500	306,773
0013 Curriculum & Instructional Staff Development	-	-	-	-	-
0021 Instructional Leadership	-	-	-	-	211,667
0023 School Leadership	-	-	-	-	-
0031 Guidance, Counseling & Evaluation Services	-	-	-	-	35,425
0034 Student Transportation	-	-	-	-	-
0035 Food Services	-	-	-	-	-
0041 General Administration	-	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-	79,550
0052 Security and Monitoring Services	-	-	-	3,600	-
0071 Debt Service - Principal	-	-	-	-	3,452
0072 Debt Service - Interest	-	-	-	-	691
6030 Total Expenditures	-	49,869	-	70,100	637,558
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	7,764	-	2,115	25,755
OTHER FINANCING SOURCES (USES)					
7913 Proceeds from Right to Use Leased Assets	-	-	-	-	25,120
7080 Total Other Financing Sources (Uses)	-	-	-	-	25,120
1200 Net Change in Fund Balance	-	7,764	-	2,115	50,875
0100 Fund Balance - Beginning	-	-	-	-	477,811
3000 Fund Balance - Ending	\$ -	\$ 7,764	\$ -	\$ 2,115	\$ 528,686

498	499	
OOG Grant / BBRMC Grant	Locally Funded SRF	Total Non- Major Governmental Funds
\$ -	\$ 82,113	\$ 874,123
177,635	-	309,838
-	-	2,844,731
<u>177,635</u>	<u>82,113</u>	<u>4,028,692</u>
-	82,113	1,984,091
-	-	19,216
-	-	263,156
97,540	-	126,726
18,231	-	678,945
-	-	48,386
-	-	567,071
-	-	83,462
-	-	205,399
61,864	-	65,464
-	-	3,452
-	-	691
<u>177,635</u>	<u>82,113</u>	<u>4,046,059</u>
-	-	(17,367)
-	-	25,120
-	-	25,120
-	-	7,753
-	-	581,672
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 589,425</u>

ALPINE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2023

	811	812	813	814		
Data			Kaleena	School	Total Private	
Control	H. B. Pena	Jim Lee	Ramos	Board	Purpose Trust	
Codes	Scholarship	Scholarship	Scholarship	Scholarship	Funds	
ASSETS						
1110	Cash and Cash Equivalents	\$ 40	\$ 2,000	\$ 1,000	\$ 1,924	\$ 4,964
1000	Total Assets	<u>40</u>	<u>2,000</u>	<u>1,000</u>	<u>1,924</u>	<u>4,964</u>
NET POSITION						
3800	Restricted for Scholarships	<u>40</u>	<u>2,000</u>	<u>1,000</u>	<u>1,924</u>	<u>4,964</u>
3000	Total Fund Balances	<u>40</u>	<u>2,000</u>	<u>1,000</u>	<u>1,924</u>	<u>4,964</u>
4000	Total Liab., Def. Inflows & Fund Balances	<u>\$ 40</u>	<u>\$ 2,000</u>	<u>\$ 1,000</u>	<u>\$ 1,924</u>	<u>\$ 4,964</u>

ALPINE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	811 H. B. Pena Scholarship	812 Jim Lee Scholarship	813 Kaleena Ramos Scholarship	814 School Board Scholarship	Total Private Purpose Trust Funds
ADDITIONS					
Contributions:					
5744 Foundations, Gifts, and Bequests	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000
5020 Total Contributions	-	1,000	-	-	1,000
Investment Earnings:					
5742 Interest, Dividends, and Other	-	-	-	77	77
TOTAL ADDITIONS	-	1,000	-	77	1,077
DEDUCTIONS					
6400 Other Operating Costs	-	-	-	999	999
6030 TOTAL DEDUCTIONS	-	-	-	999	999
1200 Net Increase/(Decrease) in Fiduciary Net Position	-	1,000	-	(922)	78
0100 Fund Balance - Beginning	40	1,000	1,000	2,846	4,886
3000 Fund Balance - Ending	\$ 40	\$ 2,000	\$ 1,000	\$ 1,924	\$ 4,964

ALPINE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2023

Last 10 Years Ended June 30,		1		2		3	
		Tax Rates				Assessed/Appraised Value for School Tax Purposes	
		Maintenance		Debt Service			
2014	and prior years	Various		Various		Various	
2015		1.17000		0.08200		\$ 432,622,817	
2016		1.17000		0.08100		440,595,034	
2017		1.17000		0.07600		469,513,884	
2018		1.17000		0.06250		565,930,173	
2019		1.17000		0.05550		593,777,222	
2020		1.06835		0.26000		601,357,850	
2021		1.05470		0.24000		602,379,934	
2022		1.00240		0.21000		651,555,952	
2023	(School year under audit)	0.94610		0.19000		719,405,950	
TOTALS							

Total amount of Taxes Refunded under Section 26.1115, Tax Code, for owners who received an exemption as provided by

	10	20	31	32	40	50
	Beginning	Current	Maintenance	Debt Service	Entire	Ending
	Balance	Year's	Collections	Collections	Year's	Balance
	7/1/22	Total Levy			Adjustments	6/30/23
\$	251,491	\$ -	\$ 12,979	\$ 910	\$ (728)	\$ 236,874
	35,219	-	1,956	137	(142)	32,984
	46,781	-	3,113	216	(80)	43,372
	52,806	-	3,617	235	(79)	48,875
	68,103	-	11,315	604	(79)	56,105
	86,927	-	16,210	769	620	70,568
	107,150	-	23,934	5,825	(100)	77,291
	123,931	-	24,496	5,574	(42)	93,819
	313,650	-	109,979	23,040	(9,035)	171,596
	-	8,173,171	6,433,803	1,292,065	(134,271)	313,032
\$	1,086,058	\$ 8,173,171	\$ 6,641,402	\$ 1,329,375	\$ (143,936)	\$ 1,144,516

Section 11.42(f), Tax Code 0

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

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
REVENUES					
5700	Local & Intermediate Sources	\$ 35,000	\$ 35,000	\$ 128,697	\$ 93,697
5800	State Program Revenues	3,500	3,500	2,355	(1,145)
5900	Federal Program Revenues	330,000	330,000	385,018	55,018
5020	Total Revenues	<u>368,500</u>	<u>368,500</u>	<u>516,070</u>	<u>147,570</u>
EXPENDITURES					
0035	Food Services	577,088	666,962	569,071	97,891
6030	Total Expenditures	<u>577,088</u>	<u>666,962</u>	<u>569,071</u>	<u>97,891</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(208,588)</u>	<u>(298,462)</u>	<u>(53,001)</u>	<u>245,461</u>
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	208,588	-	-	-
7080	Total Other Finance Sources (Uses)	<u>208,588</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balances	-	(298,462)	(53,001)	245,461
0100	Fund Balance-July 1 (Beginning)	103,861	103,861	103,861	-
3000	Fund Balance-June 30 (Ending)	<u>\$ 103,861</u>	<u>\$ (194,601)</u>	<u>\$ 50,860</u>	<u>\$ 245,461</u>

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

Data Control Codes	Budgeted Amounts		Actual	Variance With Final Budget	
	Original	Final	Amounts (GAAP BASIS)		
REVENUES					
5700	Local & Intermediate Sources	\$ 1,430,000	\$ 1,430,000	\$ 1,390,054	\$ (39,946)
5800	State Program Revenues	-	-	32,455	32,455
5020	Total Revenues	1,430,000	1,430,000	1,422,509	(7,491)
EXPENDITURES					
Debt Service:					
0071	Principal on Long Term Debt	470,000	470,000	470,000	-
0072	Interest on Long Term Debt	751,450	751,450	739,950	11,500
0073	Bond Issuance Cost and Fees	7,731	7,731	3,795	3,936
6030	Total Expenditures	1,229,181	1,229,181	1,213,745	15,436
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	200,819	200,819	208,764	7,945
1200	Net Change in Fund Balances	200,819	200,819	208,764	7,945
0100	Fund Balance-July 1 (Beginning)	928,567	928,567	928,567	-
3000	Fund Balance-June 30 (Ending)	\$ 1,129,386	\$ 1,129,386	\$ 1,137,331	\$ 7,945

THIS PAGE LEFT BLANK INTENTIONALLY

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

Data Control Codes		1 Responses
	Section A: Compensatory Education Programs	
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 741,972
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 510,078
	Section B: Bilingual Education Programs	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 36,083
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 63,397

THIS PAGE LEFT BLANK INTENTIONALLY

ALPINE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		1 Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$ -

THIS PAGE LEFT BLANK INTENTIONALLY

FEDERAL AWARDS SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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

To the Board of Trustees of
Alpine Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alpine Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Alpine Independent School District's basic financial statements and have issued our report thereon dated September 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alpine Independent School 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 Alpine Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alpine Independent School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified two deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alpine Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-003.

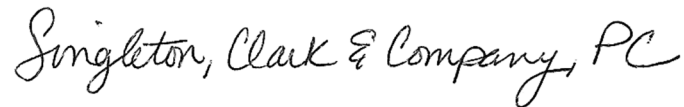
THIS PAGE LEFT BLANK INTENTIONALLY

Alpine Independent School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Alpine Independent School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Alpine Independent School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Singleton, Clark & Company, PC". The signature is written in a cursive, flowing style.

Singleton, Clark & Company, PC
Alpine, Texas

September 22, 2023

THIS PAGE LEFT BLANK INTENTIONALLY



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Trustees of
Alpine Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alpine Independent School District's 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 Alpine Independent School District's major federal programs for the year ended June 30, 2023. Alpine Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Alpine Independent School 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 Alpine Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Alpine Independent School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Alpine Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Alpine Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Alpine Independent School 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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Government Auditing Standards requires the auditor to perform limited procedures on Alpine Independent School District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Alpine Independent School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance*

We have audited the financial statements of Alpine Independent School District as of and for the year ended June 30, 2023, and have issued our report thereon dated September 22, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Alpine, Texas

September 22, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

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

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	1 Federal ALN Number	2a Pass-Through Entity Identifying Number	3 Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed through Texas Education Agency</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	21610101022901	\$ 216,463
Shared Services Arrangement - IDEA - Part-B, Formula ¹	84.027A	216600010229016000	845,575
Shared Services Arrangement - IDEA - Part B, Discretionary ¹	84.027A	66002212	124,903
COVID-19, Shared Services Arrangement - IDEA - Part B, Formula, ARP ¹	84.027A	225350010229015000	164,677
Total Assistance Listing Number 84.027			1,135,155
SSA - IDEA - Part-B, Preschool ¹	84.173A	236610010229016000	21,544
SSA - IDEA - Part B, Preschool, ARP ¹	84.173A	225360020229015000	9,117
Total Assistance Listing Number 84.173			30,661
ESEA, Title II, Part A - Teacher and Principal Training	84.367A	23694501022901	38,521
COVID-19, ESSER III	84.425U	21528001022901	1,003,575
Title IV, Part 1, Subpart 1	84.424A	23680101022901	35,338
Total Passed through Texas Education Agency			2,459,713
TOTAL U.S. DEPARTMENT OF EDUCATION			2,459,713
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed through Texas Education Agency</u>			
National School Breakfast Program ²	10.553	71402001	63,067
National School Lunch Program ²	10.555	71302001	238,926
Total Assistance Listing Number 10.555			301,993
Total Passed through Texas Education Agency			301,993
<u>Passed through Texas Department of Agriculture</u>			
Food Distribution Program - Non-Cash Assistance ²	10.555	NT4XL1YGLGC5	35,566
Supply Chain Assistance Grant ²	10.555	NT4XL1YGLGC5	46,831
Total Assistance Listing Number 10.555			82,397
COVID-19, Pandemic Electronic Benefit Transfer	10.649	NT4XL1YGLGC5	628
Total Passed through Texas Department of Agriculture			83,025
TOTAL U.S. DEPARTMENT OF AGRICULTURE			385,018
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming (MAC)	93.778	HHS000537900011	8,625
Total Assistance Listing Number 93.778			8,625
Total Passed through Texas Health and Human Services Commission			8,625
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			8,625
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,853,356
<i>Not Considered Federal Financial Assistance:</i>			
School Health and Related Services (SHARS) Revenue			\$ 385,337
E-Rate Revenue			28,000
TOTAL FEDERAL REVENUE PER STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE			\$ 3,266,693

¹ Special Education (IDEA) Cluster as defined in OMB Compliance Supplement.

² Child Nutrition Cluster as defined in OMB Compliance Supplement.

THIS PAGE LEFT BLANK INTENTIONALLY

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

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal awards expenditures of Alpine Independent School District (the “District”) under programs of the federal government for the year ended June 30, 2023. The information in the accompanying Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net position, or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The expenditures reported on the Schedule are presented using the modified-accrual basis of accounting, with the exception of the National School Lunch Program, School Breakfast Program and the Food Distribution Program. Under the modified-accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Expenditures for the National School Lunch Program, School Breakfast Program and the Food Distribution Program are shown on the Schedule in an amount equal to the related revenue, but are not specifically attributable to this revenue source. Expenditures are reported in this manner due to the Child Nutrition Fund being a fund that combines local, state, and federal revenues, and spends those resources together to support the overall operations of the Child Nutrition Program.

The District has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Relationship to Basic Financial Statements - Expenditures of federal awards are reported in the District’s basic financial statements in the special revenue funds.

Relationship to Federal Financial Reports - Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-Cash Programs – The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

THIS PAGE LEFT BLANK INTENTIONALLY

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major programs:

Elementary & Secondary School Emergency Relief	Unmodified
--	------------

Any audit findings disclosed that are required to be reported in accordance with the federal Uniform Guidance? Yes No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
84.425D, 84.425U	ESSER I, II, III

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

Auditee qualified as low-risk auditee? Yes No

THIS PAGE LEFT BLANK INTENTIONALLY

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

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

2023-001	Accounting and Financial Reporting (Significant Deficiency)
Criteria:	School Districts are required by state law to issue external financial statements on an annual basis in order to provide information to the public and to the state and federal governments regarding the school district’s finances. In addition, a school district needs current and accurate information available from its accounting system at all times in order to provide for the effective management of daily financial matters and to ensure proper accountability and security of all funds.
Condition Found:	As a result of the annual financial audit, several correcting entries were required to be applied to the books of the District in order to prepare the financial records for accurate reporting in the external financial statements. The extent of the entries required caused the audit firm to encroach on its independence from the school district.
Cause:	The cause of this condition is the District has experienced frequent turnover of the Chief Financial Officer position, with three changes in this position within the last five years.
Effect:	The effect of this condition resulted in the District not having current and accurate accounting information available for both internal and external reporting needs, neither as the year progressed, nor for the regularly scheduled time of the year-end financial audit.
Recommendation:	We recommend the District obtain accounting assistance in the near term, such as possibly from the Education Service Center, especially at the year-end during preparation for the annual financial audit.
2023-002	Bank Reconciliations.
Criteria:	The preparation of bank reconciliations is a critical internal control procedure related to cash and investments which helps to ensure that all financial transactions have been posted to the accounting system and that all transactions clearing the bank each month were accurately processed and appropriately authorized.

THIS PAGE LEFT BLANK INTENTIONALLY

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

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards: (continued)

Condition Found: The bank reconciliations of the District are being represented as being completed on time, for example signed off by a preparer and reviewer by the required deadline date, however some of the bank reconciliations are not actually completed, i.e. - with all problems resolved. For example, the Local Maintenance account bank reconciliation as provided to the audit firm contained significant unresolved issues, with one issue at a value exceeding \$25,000 which had been carried forward on the bank reconciliation for six months. In addition, on the June 2023 Local Maintenance bank reconciliation, the "Balance per Books" stated on the bank reconciliation was not the true balance per books as determined by the audit firm.

Cause: Staff determined the likely cause of some of the unresolved issues but instead of correcting the issue, carried the amounts forward to the next month for several months.

Effect: The effect of this condition was the District was exposed to the risk that inappropriate transactions could have occurred within the bank accounts and not detected within a reasonable amount of time. In addition this condition resulted in extended audit time while being resolved.

Recommendation: We recommend that the Business Office obtain needed training from Ascender resources or other sources in order to be able to complete the monthly bank reconciliations for all accounts with any issues resolved in a timely manner. When bank reconciliations are completed, simply identifying problems and their related dollar amounts, without identifying the cause of the problems and resolving the issues, does not provide sufficient control and oversight over the bank accounts to ensure that accounting problems are corrected timely or that bank errors or fraud get detected and addressed quickly.

2023-003 Budgetary Non-Compliance

Criteria: Each year the Board of Trustees adopts budgets for the General Fund, Child Nutrition Fund and Debt Service Fund. The expenditure amounts for these budgets are adopted at the functional line item level of detail. The amounts adopted are considered expenditure limits set by law. For audit purposes, individual line items over budget by 3% or more are considered significant enough to warrant reporting.

Condition Found: As of year-end, Function 11-Instruction was reported over budget by \$264,500, or 5%. As of year-end, Function 61 – Community Services was reported over budget by \$33,617 or 100%. As of year-end, Function 71 – Principal on Long Term Debt was reported over budget by \$34,627 or 84% and Function 72 – Interest on Long Term Debt was reported over budget by \$5,252 or 147%.

Cause: The District did not amend the identified functions appropriately to not cause a variance as of the last day of the fiscal year.

THIS PAGE LEFT BLANK INTENTIONALLY

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

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards: (continued)

Effect: The effect is technical noncompliance with the legally adopted budget for Function 11 – Instruction, Function 71 – Principal on Long Term Debt, Function 72 - Interest on Long Term Debt and Function 61 - Community Services of the General Fund.

Recommendation: We recommend analysis and monitoring of expenditures especially the last month of the fiscal year and proper amendment of adopted budgets by the Board of Trustees as needed as of the last day of the fiscal year.

Prior year financial statement findings as required to be restated with current status:

2022-001 Public Education Information Management System (PEIMS) Data Submission

Criteria: Annually school districts are required to submit financial information to the Texas Education Agency through PEIMS, specifically per financial compliance and related to Financial Integrity Rating System of Texas (FIRST) test #16 the mid-year submission is required to be submitted with expenditure variances by function less than 3%.

Condition Found: Alpine ISD submitted mid-year financial data for the fiscal year ended June 30, 2021 that was outside the acceptable variance of 3%.

Cause: The auditor identified the cause as the omission of SSA data for the fiscal year.

Effect: The effect is a noncompliant mid-year submission and will result in a FIRST rating loss relative to item #16.

Recommendation: The auditor recommends the District report proper, audited data related to all PEIMS submissions specifically in this case that is materially correct (within 3% variance) expenditure data by function be submitted for mid-year.

Current Status: The District submitted materially correct data for mid-year PEIMS FY23.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal Uniform Guidance for the years ended June 30, 2023 and June 30, 2022.

THIS PAGE LEFT BLANK INTENTIONALLY



ALPINE INDEPENDENT SCHOOL DISTRICT

Dr. Michelle Rinehart, Superintendent

704 W. Sul Ross Avenue
Alpine, Texas 79830
(432) 837-7700
FAX: (432) 837-7740

"Alpine ISD will provide our children with learning experiences to be responsible, productive, and successful citizens of an ever changing world."

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

Current Year Audit Findings:

2023-001 Accounting and Financial Reporting

Corrective Action Planned:

In order to minimize the number of correcting entries. The business office will undergo extensive and ongoing training throughout the year to maximize the knowledge and experience of the staff involved. Types of trainings include but are not limited to training provided by ESC 18 and TASBO as well as a potential mentor for the CFO.

Anticipated Completion Date: Completed frequently throughout the year

Contact Person(s): Chris Valenzuela, Chief Financial Officer

2023-002 Bank Reconciliations

Corrective Action Planned:

We will complete all bank reconciliations for all accounts such that there are no unresolved issues or items that can be carried forward into the next month. If issues arise that require assistance, appropriate assistance will be sought in a timely manner.

Anticipated Completion Date: Completed monthly

Contact Person(s): Chris Valenzuela, Chief Financial Officer

2023-002 Budgetary Non-Compliance

Corrective Action Planned:

We will review all expenditures in detail at a minimum monthly and bring any necessary and proposed amendments to the Board of Trustees in a timely manner. We will do timely check-ins on expenditures on every campus and office.

Anticipated Completion Date: Completed Monthly

Contact Person(s): Chris Valenzuela, Chief Financial Officer