

**ORE CITY INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED AUGUST 31, 2023**

RUTHERFORD, TAYLOR & COMPANY, P.C.  
*Certified Public Accountants*  
3500 Joe Ramsey Blvd.  
Greenville, Texas 75401  
(903) 455-6252

ORE CITY INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED AUGUST 31, 2023

**TABLE OF CONTENTS**

	<u>Page</u>	<u>Exhibits</u>
<b>INTRODUCTORY SECTION</b>		
Certificate of Board .....	3	
<b>FINANCIAL SECTION</b>		
<u>Independent Auditor's Reports:</u>		
Report on Basic Financial Statements .....	5	
Report on Internal Controls and Compliance ( <i>Government Auditing Standards</i> ).....	8	
Report on Internal Control over Compliance in Accordance with Uniform Guidance .....	10	
Schedule of Findings and Questioned Costs .....	12	
Management's Discussion and Analysis (Required Supplementary Information).....	17	
<u>Basic Financial Statements:</u>		
<u>Government-wide Financial Statements:</u>		
Statement of Net Position .....	26	A-1
Statement of Activities .....	27	B-1
<u>Fund Financial Statements:</u>		
Balance Sheet – Governmental Funds .....	28	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Position .....	29	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds .....	30	C-3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....		
Statement of Net Position – Proprietary Funds.....	31	C-4
Statement of Net Position – Proprietary Funds.....	32	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	35	D-2
Statement of Cash Flows – Proprietary Funds .....	34	D-3
Statement of Fiduciary Net Position .....	35	E-1
Statement of Change in Fiduciary Net Position .....	36	E-2
Notes to the Basic Financial Statements .....	37	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedule – General Fund .....	61	G-1
Schedule of District's Proportionate Share of the Net Pension Liability .....	62	G-2
Schedule of District Net Pension Contributions .....	63	G-3
Schedule of District's Proportionate Share of the OPEB Liability .....	64	G-4
Schedule of District OPEB Contributions.....	65	G-5
Notes to Required Supplementary Information.....	66	
<u>Other Information Section:</u>		
Schedule of Delinquent Taxes Receivable .....	68	J-1
Budgetary Comparison Schedules Required by the Texas Education Agency		
School Breakfast and National School Lunch Program .....	69	J-3
Debt Service Fund.....	70	J-4
Schedule of Required Responses to Selected School FIRST Indicators.....	71	J-5
Schedule of Required Responses to State Mandated Program Requirements .....	72	J-6
<b>FEDERAL AWARDS SECTION</b>		
Schedule of Expenditures of Federal Awards.....	74	K-1
Notes to Schedule of Expenditures of Federal Awards.....	75	K-2

**CERTIFICATE OF BOARD**

Ore City Independent School District  
Name of School District

Upshur  
County

230-903  
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above named school district was reviewed and ✓ **approved**/ \_\_\_\_\_ **disapproved** for the year ended August 31, 2023, at a meeting of the board of school trustees of such school district on December 11, 2023

Virginia Harris  
Signature of Board Secretary

[Signature]  
Signature of Board President

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

---

**Report on the Financial Statements**

***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ore City Independent School District as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 judgement 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 judgement 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 including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charges 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, budgetary comparison information and schedules related to pension and other post-employment benefit activities 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 information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



November 27, 2023  
Greenville, Texas

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

---

Members of the Board  
Ore City 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, each major fund, and the aggregate remaining fund information of the Ore City Independent School District (District), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2023.

***Report on Internal Control over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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



Report on Internal Control – Continued

***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.

Rutherford, Taylor & Company PC

November 27, 2023  
Greenville, Texas

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

---

Members of the Board  
Ore City Independent School District

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

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

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

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

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

Internal Control over Compliance with the Uniform Guidance – Continued

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control over Compliance**

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

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

**Purpose of This Report**

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.



November 27, 2023  
Greenville, Texas

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED AUGUST 31, 2023

**Summary of Auditor's Results (Section I)**

---

*Financial Statements –*

Type of auditor's report issued	Unmodified Opinion
Internal Control over Financial Reporting: Material Weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to the financial statements noted	None

*Federal Awards –*

Internal control over major programs: Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of Auditor's report issued on compliance for major programs	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	No
Identification of major programs	Education Stabilization Fund Cluster: ESSER -I (84.425d) ESSER – III – (84.425u)
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Entity qualified as a low risk auditee	Yes
Pass-through Entity	Texas Education Agency

ORE CITY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2023

**Financial Finding (Section II)**

---

NONE

ORE CITY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2023

**Federal Award Findings and Questions Costs (Section III)**

---

NONE

ORE CITY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2023

**Prior Year Findings (Section IV)**

---

NONE

ORE CITY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2023

**Corrective Action Plans (Section V)**

---

NONE



ORE CITY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2023

This section of Ore City Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2023. Please read it in conjunction with the District's basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's total combined net position was \$ 13,773,890 at August 31, 2023.
- During the year, the District's expenses were \$ 16,116 more than the \$ 14,559,100 generated in taxes and other revenues for governmental activities.
- The General Fund reported a fund balance this year of \$ 6,682,891, a decrease of \$ (1,102,357).
- No new debt was added in the year.

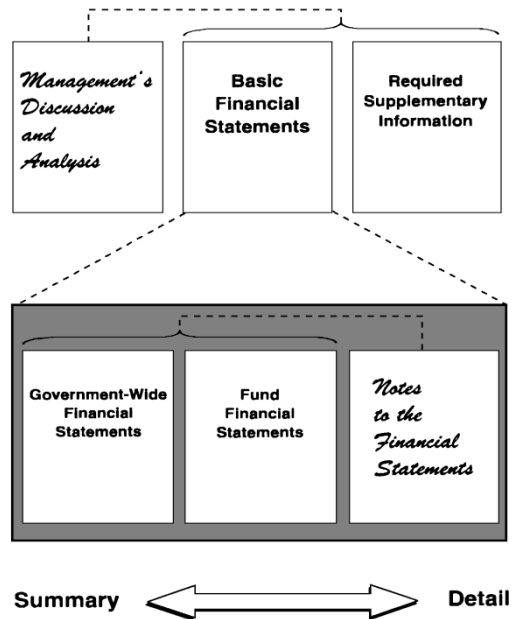
**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**Figure A-1, Required Components of the District's Annual Financial Report**



**ORE CITY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2023**

**Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements**

Figure A-2 summarizes the major features of the District's basic financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**GOVERNMENT-WIDE STATEMENTS**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base and student population.

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explain the relationship (or differences) between them.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2023

- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's combined net position was \$ 13,773,890 at August 31, 2023.

<b>Ore City Independent School District's Net Position</b>			<b>Table A-1</b>
	Governmental Activities		Total Percentage Change
	2023	2022	2022-2023
<b>Assets:</b>			
Cash and Investments	\$ 8,544,269	\$ 8,514,927	0.34%
Other Assets	2,294,449	2,098,724	9.33%
Capital Assets less Accumulated Depreciation	19,424,022	19,025,825	2.09%
<b>Total Assets</b>	<b>\$ 30,262,740</b>	<b>\$ 29,639,476</b>	<b>2.10%</b>
Total Deferred Outflows of Resources	\$ 5,240,656	\$ 3,173,905	65.12%
<b>Liabilities:</b>			
Current Liabilities	\$ 2,474,815	\$ 1,459,753	69.54%
Long-term Liabilities	15,050,471	13,695,774	9.89%
<b>Total Liabilities</b>	<b>\$ 17,525,286</b>	<b>\$ 15,155,527</b>	<b>15.64%</b>
Total Deferred Inflows of Resources	\$ 4,204,220	\$ 3,867,848	8.70%
<b>Net Position:</b>			
Net Investment in Capital Assets	\$ 10,864,294	\$ 9,949,736	9.19%
Restricted	172,569	376,854	-54.21%
Unrestricted	2,737,027	3,463,416	-20.97%
<b>Total Net Position</b>	<b>\$ 13,773,890</b>	<b>\$ 13,790,006</b>	<b>-0.12%</b>

Approximately \$ 120,286 of the District's restricted net position represent amounts restricted to debt retirement. Unrestricted net position represents resources available to fund the programs of the District in the coming year.

**CHANGES IN NET POSITION**

The District's total revenues were \$ 14,559,100 16% of the District's revenue comes from local property taxes (See Table A-2). 76% of revenue comes from state aid and federal grants, while only 8% relates to charges for services and other sources.

The total cost of all programs and services was \$ 14,575,216. 52% of these costs are for instruction and related staff and student services.

The District's base tax collection (base tax only – current and delinquent) percentage rate was 105.55%. The total tax collection (base tax plus penalty and interest) percentage rate was 110.05%.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2023

**GOVERNMENTAL ACTIVITIES**

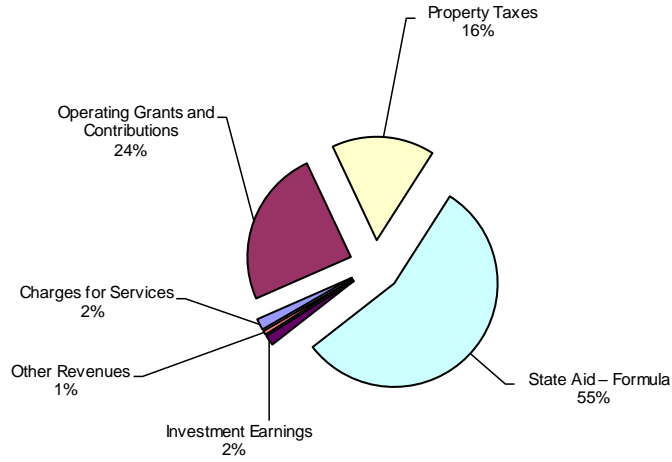
**Table A-2**

**Changes in Ore City Independent School District's Net Position**

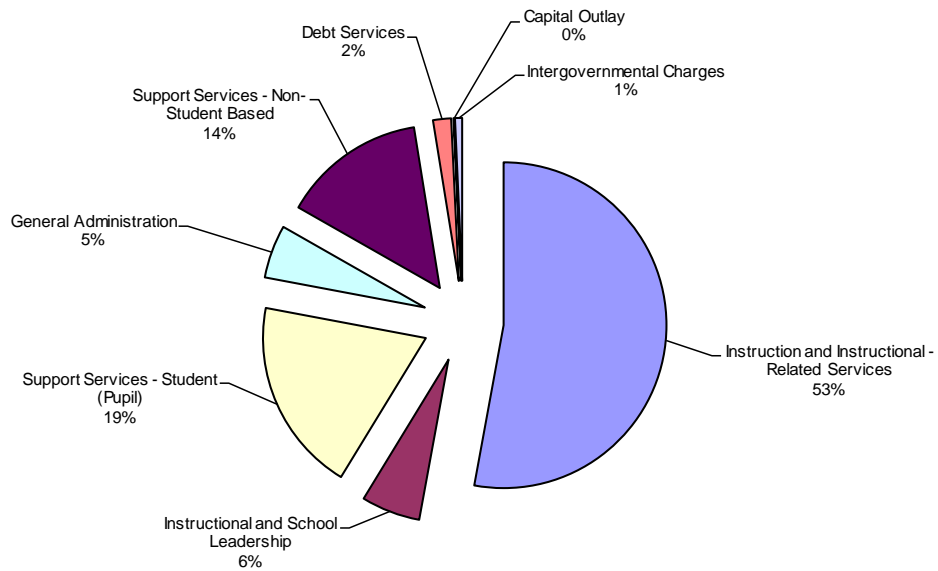
	Governmental Activities		Total Percentage Change
	2023	2022	2022-2023
Program Revenues:			
Charges for Services	\$ 255,898	\$ 86,432	196.07%
Operating Grants and Contributions	3,579,178	2,817,414	27.04%
General Revenues:			
Property Taxes	2,335,715	2,183,383	6.98%
State Aid – Formula	8,066,204	8,783,485	-8.17%
Investment Earnings	231,786	54,466	325.56%
Other Revenues	90,319	84,048	7.46%
Total Revenues	<u>\$ 14,559,100</u>	<u>\$ 14,009,228</u>	3.93%
Expenses:			
Instruction	\$ 7,517,828	\$ 6,478,995	16.03%
Instructional Resources and Media Services	77,806	92,189	-15.60%
Curriculum and Staff Development	112,721	93,355	20.74%
Instructional Leadership	156,384	181,953	-14.05%
School Leadership	694,834	661,473	5.04%
Guidance, Counseling and Evaluation Services	318,261	298,136	6.75%
Health Services	143,762	132,566	8.45%
Student Transportation	652,073	607,886	7.27%
Food Services	801,862	727,968	10.15%
Cocurricular/Extracurricular Activities	887,715	808,869	9.75%
General Administration	768,928	646,744	18.89%
Facilities Maintenance and Operations	1,386,966	1,241,378	11.73%
Security and Monitoring Services	324,272	70,317	361.16%
Data Processing Services	360,868	582,149	-38.01%
Debt Service	260,567	270,802	-3.78%
Capital Outlay	7,432	28,700	0.00%
Payments to Juvenile Justice Alt Ed Programs	102,937	66,186	55.53%
Total Expenses	<u>\$ 14,575,216</u>	<u>\$ 12,989,666</u>	12.21%
Excess (Deficiency) Before Other Resources, Uses and Transfers	<u>\$ (16,116)</u>	<u>\$ 1,019,562</u>	-101.58%
Increase (Decrease) in Net Position	\$ (16,116)	\$ 1,019,562	-101.58%
Net Position - Beginning (September 1)	<u>13,790,006</u>	<u>12,770,444</u>	7.98%
Net Position - Ending (August 31)	<u>\$ 13,773,890</u>	<u>\$ 13,790,006</u>	-0.12%

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED AUGUST 31, 2023

**Sources of Revenue for Fiscal Year 2023 - See Table A-2**



**Functional Expenses for Fiscal Year 2023 - See Table A-2**



ORE CITY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2023

- Table A-3 presents the cost of selected functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.
- The cost of all governmental activities this year was \$ 14,575,216.
- However, the amount that our taxpayers paid for these activities through property taxes was \$ 2,335,715.
- Some of the cost was paid by those who directly benefited from the programs, \$ 255,898, or
- By grants and contributions, \$ 3,579,178.

<b>Ore City Independent School District's Net Cost of Selected District Functions</b>						<b>Table A-3</b>
	<u>Total Cost of Services</u>		<u>% Change</u>	<u>Net Cost of Services</u>		<u>% Change Change</u>
	2023	2022		2023	2022	
Instruction	\$ 7,517,828	\$ 6,478,995	16.03%	\$ 5,088,178	\$ 4,804,192	5.91%
School Leadership	694,834	661,473	5.04%	537,908	550,268	-2.25%
General Administration	768,928	646,744	18.89%	765,561	647,491	18.24%
Facilities Maintenance and Operations	1,386,966	1,241,378	11.73%	1,381,744	1,239,021	11.52%
Debt Service	260,567	270,802	-3.78%	155,474	(14,729)	-1155.56%

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues in the governmental funds totaled \$ 15,015,835. This represents an increase of \$ 369,139 from the prior year revenues of \$ 14,646,696. The increase reflects increased federal program revenues related to pandemic learning loss grants and increased local revenue including property taxes.

Expenditures in the governmental funds totaled \$ 15,865,968. This represents an increase of \$ 2,079,791 from the prior year expenditures of \$ 13,786,177. This increase is caused by capital projects including facility improvements and upgrades started during the year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised its General Fund budget several times. Even with these adjustments, actual expenditures were \$ 720,006 below final budget amounts. The most significant positive variance resulted from less than expected expenditures in the instruction and guidance, counseling and evaluation functional categories.

General Fund resources available were \$ 242,363 below the final budgeted amount. The unfavorable variance was due to state revenue related to attendance and enrollment, and local sources which were lower than anticipated.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2023

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At year end, the District had invested \$ 32,680,480 in a broad range of capital assets, including land, equipment, buildings, and vehicles (See Table A-4).

<b>Ore City Independent School District's Capital Assets</b>			<b>Table A-4</b>
	Governmental Activities		Total Percentage Change
	2023	2022	<u>2022-2023</u>
Land	\$ 518,546	\$ 470,166	10.29%
Construction in Progress	1,056,137	-	100.00%
Buildings and Improvements	28,570,521	28,540,963	0.10%
Equipment	536,710	527,648	1.72%
Vehicles	1,998,566	1,873,515	6.67%
Totals at Historical Cost	\$ 32,680,480	\$ 31,412,292	4.04%
Total Accumulated Depreciation	<u>(13,256,458)</u>	<u>(12,386,467)</u>	7.02%
Net Capital Assets	<u>\$ 19,424,022</u>	<u>\$ 19,025,825</u>	2.09%

**DEBT**

At year-end the District had \$ 8,559,728 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

**Bond Ratings -**  
The District's bonds  
presently carry "AAA" ratings.

<b>Ore City Independent School District's Debt</b>			<b>Table A-5</b>
	Governmental Activities		Total Percentage Change
	2023	2022	<u>2022-2023</u>
Bonds Payable	\$ 6,895,000	\$ 7,205,000	-4.30%
Loans Payable	949,000	1,106,000	-14.20%
Other Debt Payable	715,728	765,089	-6.45%
Total Debt Payable	<u>\$ 8,559,728</u>	<u>\$ 9,076,089</u>	-5.69%

ORE CITY INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2023

**ECONOMIC FACTORS**

The District's property valuation has continued to increase as economic conditions have improved following the Covid pandemic. This has provided stable tax revenues to the District. Local property tax rates for maintenance and operations are restricted by statute to \$ .97, without local elections. In prior years, the State Legislature passed House Bill 2 (HB2) which included various changes to the property tax rate structure limiting school districts' opportunities for tax modifications and compressing the rates charged to taxpayers. During the latest special session of the Texas Legislature, the bodies passed Senate Bill 2 (SB2) which provides a mandatory increase in the homestead exemption to \$100,000. This exemption is to be put into effect after a constitutional election slated for November 2023. If the measure is approved, tax revenues will be reduced. This and additional changes required under SB2 could impact the District's financial operations, including cash flows.

The State has increased funding levels for the 2023 - 2025 biennium, which will affect the revenue levels of the District. The level of funding per attendance credits increased but the tax rate compression and expanded homestead exemption will reduce the local effort for revenues. This reduction is to be funded by the State in its annual foundation support. With these changes in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

Student population has remained at a steady historical growth rate in the District. The economic outlook for the area is for growth to be relatively slow, as indicated by only slight increase in property values from the prior year. Housing has not expanded at the rate of other northeast Texas communities. These economic conditions allow the District to maintain constant funding and staffing levels.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cayla Mars, Director of Finance for the District.



## BASIC FINANCIAL STATEMENTS

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

Data Control Codes		1 <u>Governmental Activities</u>
	<b>ASSETS</b>	
1110	Cash and Investments	\$ 8,544,269
1225	Property Taxes Receivable, Net	823,354
1240	Due from Other Governments	1,469,343
1290	Other Receivables, Net	1,752
	Capital Assets:	
1510	Land	518,546
1520	Buildings and Improvements, Net	17,244,300
1530	Furniture and Equipment, Net	605,039
1580	Construction in Progress	<u>1,056,137</u>
<b>1000</b>	<b>Total Assets</b>	<b><u>\$ 30,262,740</u></b>
	<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
1701	Deferred Outflows - Refunding	\$ 538,027
1705	Deferred Outflows - Pensions	2,322,611
1706	Deferred Outflows - OPEB	<u>2,380,018</u>
<b>1700</b>	<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 5,240,656</u></b>
	<b>LIABILITIES</b>	
2110	Accounts Payable	\$ 247,775
2140	Interest Payable	11,141
2165	Accrued Liabilities	501,841
2300	Unearned Revenues	1,714,058
	Noncurrent Liabilities:	
2501	Due within one year	507,000
2502	Due in more than one year	8,052,728
2540	Net Pension Liability	4,011,774
2545	Net OPEB Liability	<u>2,478,969</u>
<b>2000</b>	<b>Total Liabilities</b>	<b><u>\$ 17,525,286</u></b>
	<b>DEFERRED INFLOWS OF RESOURCES</b>	
2605	Deferred Inflows - Pensions	\$ 316,887
2606	Deferred Inflows - OPEB	<u>3,887,333</u>
<b>2600</b>	<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 4,204,220</u></b>
	<b>NET POSITION</b>	
3200	Net Investment in Capital Assets	\$ 10,864,294
	Restricted For:	
3820	Federal and State Programs	52,283
3850	Debt Service	120,286
3900	Unrestricted	<u>2,737,027</u>
<b>3000</b>	<b>Total Net Position</b>	<b><u>\$ 13,773,890</u></b>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2023

Data	1	3	4	Net (Expense) Revenue and Changes in Net Assets
Control	Program Revenues			
Codes Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
11 Instruction	\$ 7,517,828	\$ 8,973	\$ 2,420,677	\$ (5,088,178)
12 Instructional Resources and Media Services	77,806	-	-	(77,806)
13 Curriculum and Staff Development	112,721	-	688	(112,033)
21 Instructional Leadership	156,384	-	1,259	(155,125)
23 School Leadership	694,834	-	156,926	(537,908)
31 Guidance, Counseling and Evaluation Services	318,261	-	2,061	(316,200)
33 Health Services	143,762	-	63,564	(80,198)
34 Student (Pupil) Transportation	652,073	-	2,559	(649,514)
35 Food Services	801,862	158,613	560,847	(82,402)
36 Cocurricular/Extracurricular Activities	887,715	88,312	1,891	(797,512)
41 General Administration	768,928	-	3,367	(765,561)
51 Plant Maintenance and Operations	1,386,966	-	5,222	(1,381,744)
52 Security and Monitoring Services	324,272	-	255,024	(69,248)
53 Data Processing Services	360,868	-	-	(360,868)
72 Interest on Long-term Debt	259,761	-	105,093	(154,668)
73 Debt Issuance Costs and Fees	806	-	-	(806)
81 Capital Outlay	7,432	-	-	(7,432)
95 Payments to Juvenile Justice Alt Ed Programs	102,937	-	-	(102,937)
TG Total Governmental Activities	<u>\$ 14,575,216</u>	<u>\$ 255,898</u>	<u>\$ 3,579,178</u>	<u>\$ (10,740,140)</u>
TP Total Primary Government	<u>\$ 14,575,216</u>	<u>\$ 255,898</u>	<u>\$ 3,579,178</u>	<u>\$ (10,740,140)</u>
General Revenues:				
MT Property Taxes, Levied for General Purposes				\$ 1,875,198
DT Property Taxes, Levied for Debt Service				460,517
IE Investment Earnings				231,786
GC Grant and Contributions Not Restricted to Specific Prgms				8,066,204
MI Miscellaneous				90,319
TR Total General Revenues				<u>\$ 10,724,024</u>
CN Change in Net Position				\$ (16,116)
NB Net Position - Beginning (September 1)				<u>13,790,006</u>
NE Net Position - Ending (August 31)				<u>\$ 13,773,890</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Investments	\$ 8,179,511	\$ 44,193	\$ 8,223,704
1225 Property Taxes Receivable, Net	702,264	121,090	823,354
1240 Due from Other Governments	589,228	880,115	1,469,343
1260 Due from Other Funds	-	2,000	2,000
1290 Other Receivables	1,548	204	1,752
<b>1000 Total Assets</b>	<b><u>\$ 9,472,551</u></b>	<b><u>\$ 1,047,602</u></b>	<b><u>\$ 10,520,153</u></b>
<b>LIABILITIES</b>			
Current Liabilities:			
2110 Accounts Payable	\$ 201,375	\$ 196	\$ 201,571
2160 Accrued Wages Payable	421,061	-	421,061
2170 Due to Other Funds	2,000	70,776	72,776
2200 Accrued Expenditures	8,660	4,821	13,481
2300 Unearned Revenues	1,454,300	259,758	1,714,058
<b>2000 Total Liabilities</b>	<b><u>\$ 2,087,396</u></b>	<b><u>\$ 335,551</u></b>	<b><u>\$ 2,422,947</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2610 Deferred Property Tax Reveue	\$ 702,264	\$ 121,090	\$ 823,354
<b>2600 Total Deferred Inflows of Resources</b>	<b><u>\$ 702,264</u></b>	<b><u>\$ 121,090</u></b>	<b><u>\$ 823,354</u></b>
<b>FUND BALANCES</b>			
Restricted Fund Balances:			
3450 Federal/State Funds Grants	\$ -	\$ 52,283	\$ 52,283
3480 Retirement of Long-Term Debt	-	10,337	10,337
3490 Other Restrictions of Fund Balance	-	464,393	464,393
Committed Fund Balances:			
3545 Other Committed Funds	-	63,948	63,948
3600 Unassigned	6,682,891	-	6,682,891
<b>3000 Total Fund Balances</b>	<b><u>\$ 6,682,891</u></b>	<b><u>\$ 590,961</u></b>	<b><u>\$ 7,273,852</u></b>
<b>4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 9,472,551</u></b>	<b><u>\$ 1,047,602</u></b>	<b><u>\$ 10,520,153</u></b>

The accompanying notes are an integral part of this statement.

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

Total fund balances - Balance Sheet (governmental funds)	\$	7,273,852
<p>Amounts reported for governmental activities in the statement                  of net position are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		19,424,022
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		823,354
The assets and liabilities of internal service funds are included in governmental activities in the SNP.		277,838
Payables for bond principal which are not due in the current period are not reported in the funds.		(6,895,000)
Payables for debt interest which are not due in the current period are not reported in the funds.		(11,141)
Payables for direct borrowing which are not due in the current period are not reported in the funds.		(949,000)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		538,027
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(4,011,774)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(316,887)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		2,322,611
Bond premiums are amortized in the SNA but not in the funds.		(715,728)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(2,478,969)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(3,887,333)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		<u>2,380,018</u>
Net position of governmental activities - Statement of Net Position	\$	<u>13,773,890</u>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED AUGUST 31, 2023

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUE</b>			
5700 Local and Intermediate Sources	\$ 2,269,768	\$ 1,221,030	\$ 3,490,798
5800 State Program Revenues	8,530,352	355,492	8,885,844
5900 Federal Program Revenues	130,894	2,508,299	2,639,193
<b>5020 Total Revenues</b>	<b>\$ 10,931,014</b>	<b>\$ 4,084,821</b>	<b>\$ 15,015,835</b>
<b>EXPENDITURES</b>			
Current:			
0011 Instruction	\$ 5,630,961	\$ 1,676,177	\$ 7,307,138
0012 Instructional Resources and Media Services	51,529	-	51,529
0013 Curriculum and Staff Development	116,577	-	116,577
0021 Instructional Leadership	164,282	-	164,282
0023 School Leadership	549,558	153,175	702,733
0031 Guidance, Counseling and Evaluation Services	214,630	114,894	329,524
0033 Health Services	82,218	62,862	145,080
0034 Student (Pupil) Transportation	684,792	-	684,792
0035 Food Service	-	777,701	777,701
0036 Cocurricular/Extracurricular Activities	679,164	52,543	731,707
0041 General Administration	771,541	-	771,541
0051 Plant Maintenance and Operations	1,444,856	-	1,444,856
0052 Security and Monitoring Services	67,509	255,024	322,533
0053 Data Processing Services	360,868	-	360,868
0071 Principal on Long-term Debt	-	467,000	467,000
0072 Interest on Long-term Debt	-	272,415	272,415
0073 Debt Issuance Costs and Fees	-	806	806
0081 Capital Outlay	1,111,949	-	1,111,949
0095 Payments to Juvenile Justice Alt Ed Programs	102,937	-	102,937
<b>6030 Total Expenditures</b>	<b>\$ 12,033,371</b>	<b>\$ 3,832,597</b>	<b>\$ 15,865,968</b>
<b>1100 Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (1,102,357)</b>	<b>\$ 252,224</b>	<b>\$ (850,133)</b>
<b>1200 Net Change in Fund Balances</b>	<b>\$ (1,102,357)</b>	<b>\$ 252,224</b>	<b>\$ (850,133)</b>
0100 Fund Balances - Beginning (September 1)	7,785,248	338,737	8,123,985
<b>3000 Fund Balances - Ending (August 31)</b>	<b>\$ 6,682,891</b>	<b>\$ 590,961</b>	<b>\$ 7,273,852</b>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2023

Net change in fund balances - total governmental funds	\$	(850,133)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are not reported as expenses in the SOA		1,268,188
The depreciation of capital assets used in governmental activities is not reported in the funds.		(869,991)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(26,726)
Expenses not requiring the use of current financial resources are not reported as expenditures in funds.		12,251
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		310,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.		157,000
(Increase) decrease in accrued interest expense from beginning of period to end of period.		403
The net revenue (expense) of internal service funds is reported with governmental activities.		86,461
OPEB expense is recorded in the SOA but not in the funds.		126,740
OPEB Contributions in the CY are de-expended and recorded as deferred resource outflows.		95,294
OPEB contributions deferred in the prior year are expended in the current year.		(85,035)
Pension expense is recorded in the SOA but not in the funds.		(299,456)
Pension Contributions in CY are de-expended and recorded as deferred resource outflows.		374,215
Pension contributions deferred in the prior year are expended in the current year.		<u>(315,327)</u>
Change in net position of government activities - Statement of Activities	\$	<u>(16,116)</u>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
AUGUST 31, 2023

Data Control Codes	Internal Service Fund
<b>ASSETS</b>	
Current Assets:	
1110 Cash and Investments	\$ <u>320,565</u>
Total Current Assets	\$ <u>320,565</u>
<b>1000 Total Assets</b>	<b>\$ <u>320,565</u></b>
<b>LIABILITIES</b>	
Current Liabilities:	
2110 Accounts Payable	\$ <u>42,727</u>
Total Current Liabilities	\$ <u>42,727</u>
<b>2000 Total Liabilities</b>	<b>\$ <u>42,727</u></b>
<b>NET POSITION</b>	
3900 Unrestricted Net Position	\$ <u>277,838</u>
<b>3000 Total Net Position</b>	<b>\$ <u><u>277,838</u></u></b>

The accompanying notes are an integral part of this statement.



ORE CITY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
YEAR ENDED AUGUST 31, 2023

<u>Data Control Codes</u>	<u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>	
5700 Local and Intermediate Sources	\$ 120,456
<b>5020 Total Operating Revenues</b>	<b>\$ 120,456</b>
<b>OPERATING EXPENSES</b>	
6200 Professional and Contracted Services	\$ 28,240
6400 Other Operating Costs	5,755
<b>6030 Total Operating Expenses</b>	<b>\$ 33,995</b>
1300 Change in Net Position	\$ 86,461
0100 Total Net Position - Beginning (September 1)	191,377
<b>3300 Total Net Position - Ending (August 31)</b>	<b>\$ 277,838</b>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
YEAR ENDED AUGUST 31, 2023

	Internal Service Fund
Cash Flows from Operating Activities:	
Cash Receipts from Quasi-External Operating Transfers	\$ 120,457
Cash Payments for Claims	(5,755)
Cash Payments for Administration and Reinsurance	(34,304)
Net Cash Provided by (Used for) Operating Activities	\$ 80,398
 Cash Flows from Capital and Other Related Financing Activities:	
NONE	
 Cash Flows for Noncapital Financing Activities:	
NONE	
 Cash Flows from Investing Activities:	
NONE	
 Net Increase (Decrease) in Cash and Investments	\$ 80,398
 Cash and Investments - Beginning (September 1)	240,167
<b>Cash and Investments - Ending (August 31)</b>	<b>\$ 320,565</b>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Increase (Decrease) in Net Position	\$ 86,461
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase (Decrease) in Claims Liability	(6,063)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 80,398</b>

The accompanying notes are an integral part of this statement.

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

<u>Data Control Codes</u>	<u>Private Purpose Trust Fund</u>	<u>Custodial Funds</u>
	<u>Scholarship Funds</u>	<u>Student Activity</u>
<b>ASSETS:</b>		
1110 Cash and Investments	\$ 25,042	\$ 70,384
<b>1000 Total Assets</b>	<b>\$ 25,042</b>	<b>\$ 70,384</b>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
2190 Accounts Payable	\$ -	\$ -
<b>2000 Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET POSITION:</b>		
3800 Held in Trust	\$ 25,042	\$ -
Restricted for:		
3490 Student Groups	-	70,384
<b>3000 Total Net Position</b>	<b>\$ 25,042</b>	<b>\$ 70,384</b>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
YEAR ENDED AUGUST 31, 2023

Data Control Codes		Private-Purpose Trust Fund	Custodial Funds
		Scholarship Funds	Student Activity
<b>ADDITIONS</b>			
5700	Fundraising Activities	\$ -	\$ 77,341
5744	Donations	6,000	-
	<b>Total Additions</b>	<b>\$ 6,000</b>	<b>\$ 77,341</b>
<b>DEDUCTIONS</b>			
6499	Scholarship Payments	\$ 10,000	\$ -
6400	Group Activities	-	66,464
	<b>Total Deductions</b>	<b>\$ 10,000</b>	<b>\$ 66,464</b>
<b>1300</b>	<b>Changes in Net Position</b>	<b>\$ (4,000)</b>	<b>\$ 10,877</b>
0100	Net Position - Beginning (September 1)	29,042	59,507
3000	<b>Net Position - Ending (August 31)</b>	<b>\$ 25,042</b>	<b>\$ 70,384</b>

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies

The basic financial statements of the Ore City Independent School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's *Financial Accountability System Resource Guide (Guide)*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees (Board), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

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

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

*Government-wide Statements* – The statement of net position (SNA) and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities (SOA) presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements* – The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

In addition, the District reports the following fund types:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project years. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies (Continued)

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term Debt principal, interest and related costs.

Internal Service Funds – These funds are proprietary type funds. These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District’s governmental activities, this fund type is included in the “Governmental Activities” column of the government-wide financial statements. The District uses internal service funds for self insured workers compensation and self insured technology repair activities.

Custodial Funds – These funds are reported in the fiduciary fund financial statements. These funds are used to report student activity funds and other resources held in a custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

b. Measurement Focus – Basis of Accounting

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements* – These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally measurable until received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies (Continued)

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$	-0-
Special Revenue Fund		-0-
Debt Service Fund		-0-
Total	\$	-0-

5. Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

For the purpose of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed fund balance* – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

*Unassigned fund balance* – represents the residual classification for the general fund or deficit balances in other funds.

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, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies (Continued)

The following schedule provides information about the specific fund balance classification by fund:

	General	Other Governmental	Total
Restricted:			
Retirement of Debt	\$ -	\$ 10,337	\$ 10,337
Child Nutrition Program	-	52,283	52,283
Young Sheldon Grant	-	253	253
Juanita Ferguson Teacher Grant	-	464,140	464,140
Committed:			
Campus Activity	-	63,948	63,948
Unassigned	6,682,891	-	6,682,891
Total	\$ 6,682,891	\$ 590,961	\$ 7,273,852

The purchase method is used to account for inventories of school supplies, athletic equipment and food products. Under this method, supplies and materials are debited as expenditures when purchased.

Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting years and are recorded as prepaid items. Prepaid items are recorded as expenditures when the items are consumed or occur.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$ 5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and Improvements	15-50
Vehicles	5-10
Other Equipment	3-15

Right of Use Assets and Liabilities

GASB Statement 87, *Leases* created new financial statement accounts "Right of Use" assets and similar offsetting liabilities. A "right of use" asset accounts for the net present value of future payments attached to a leased asset. Common examples of "Right of Use" assets are copiers, printers and other types of equipment that the District does not take ownership of but uses under the lease agreement. The assets value will be amortized over the life of the lease using a straight-line method. The liability offsetting the "Right of Use" is presented as lease payable.

Subscription-Based Information Technology Arrangements (SBITA)

GASB Statement 96, *Subscription-Based Information Technology Arrangements* created new financial statement assets and offsetting liabilities. A SBITA asset accounts for the net present value of future payments required for right of use subscription assets. To the extent relevant, the standards for SBITA's are based on the standards established by GASB Statement 87, *Leases*. A SBITA is defined as a contract that conveys control of the right of use of another party's information technology (software) as specified in the contract for a period of time in an exchange or exchange-like transaction. The asset will be amortized over the life of the contract allowing the use of the information technology over a straight line method. The asset is included in the financial statement caption right of use asset with the offsetting liability identified as SBITA payable.



ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies (Continued)

Unearned Revenues

Unearned revenues include state funds received but have not been earned in the year. The balance will be earned in the future year and not recorded as liabilities.

6. Deferred Outflows and Inflows of Resources

The District implemented GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits and Other Pensions*. In addition to assets and liabilities, the government-wide Statement of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District reports certain deferred inflows and outflows related to pensions on the government-wide Statement of Net Position. At the governmental fund level, earned but unavailable revenue is reported as a deferred inflow of resources.

The District also implemented GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends the transition provisions of GASB 68. GASB 71 requires that, at transition, governments recognize a beginning deferred outflow of resource for pension contributions made subsequent to the measurement date of the beginning Net Pension Liability. Implementation is reflected in the financial statements and the prior year adjustment.

7. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

8. Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

9. Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave vests, accumulates, and is recorded as expense as it is incurred. Sick leave is paid upon separation from the District.

The District reimbursed employees who voluntarily retire through the Texas Retirement System, for up to 100 days of accrued local leave at a rate approved by the Board of Trustees. Currently the approved rate is \$ 60 per day.

10. 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. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/ deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

A. Summary of Significant Accounting Policies (Continued)

11. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expenses, 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 term. There are no investments as this a pay-as-you-go plan and all cash is held in a cash account.

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

13. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued various new accounting standards to better meet the information needed for users of financial statements by improving accounting and financial reporting. The GASB does this by issuing statements that cover various issues identified as needing additional clarification or direction to maintain standardization and comparability of financial information. During the year, the GASB issued no new standards. The following statements with varying effective dates noted are to be implemented in the coming periods:

Statement 99: *Omnibus 2023* (Effective upon issuance with some effective FY beginning after June 15, 2023)

Statement 100: *Accounting Changes and Error Corrections* (Effective FY beginning after June 15, 2023)

Statement 101: *Compensated Absences* (Effective FY beginning after December 15, 2023)

14. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

15. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

B. Deposits, Securities and Investments

Cash Deposits

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance District (FDIC) insurance. At year end, all District cash deposits appear to have been adequately covered by FDIC insurance or by pledged collateral held by the District or the depository in the District's name. The District's deposits appear to have been properly secured throughout the year.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

B. Deposits, Securities, and Investments (Continued)

Investments

The District's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The Act requires specific training reporting and establishment of local policies. The District appears to be in compliance with all the requirements of the Act.

The PFIA (Government Code Chapter 256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement and publicize an investment policy. That policy must address the following areas (1) safety of principal and liquidity, (2) portfolio diversifications, (3) allowable investments, (4) acceptable risk level, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the state maturity date of portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preference for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The PFIA governs the District's investment policies and types of investments.

The District's management believes that it complies with the requirements of the PFIA and the District's investment policies.

District investments include investments in TexPool, which is a local government investment pool. All investments are reported at fair value and are presented as cash and investments.

The following table lists the District's investments at year end:

	Fair Value / Amortized Cost	Weighted Average Maturity ( Days)
Governmental Activities:		
Investments:		
TexPool	151,148	29
Money Market Account	6,519,231	N/A
Total	\$ 6,670,379	

*Texas Local Government Investment Pool*

The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the PFIA, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios.

The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard and Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which approximates market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at [www.ttstc.org](http://www.ttstc.org).

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

B. Deposits, Securities, and Investments (Continued)

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. 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 year end, the District was not significantly exposed to credit risk.

b. 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 risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Districts' name. At year end, the District was not exposed to custodial credit risk for 12 of the 12 months.

The largest combined balances of cash, saving and time deposit accounts amounted to \$ 11,505,240 and occurred in March 2023. The amount of bond or market value of securities pledged as of the date of the highest combine balance on deposit was \$ 11,367,932. The total amount of FDIC coverage at the time of the highest combined balance was \$ 518,139. First National Bank of East Texas, Gilmer, Texas is the District's depository.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. District investments are limited to short term maturities to limit any potential interest rate risk. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. State statutes do not allow for foreign investments this eliminating foreign currency rate risk. The District was not exposed to foreign currency risk.

f. Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements require judgement and considers factors specific to each asset or liability.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

C. Property Taxes

Property taxes are levied by 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 October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Property taxes 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. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$ 1.001500 to fund general operations and \$ 0.246700 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 171,902,740. The District contracts with a tax attorney for the collection of all delinquent taxes. Delinquent taxes are subject to both penalty and interest plus a 20% delinquent tax attorney collection fee.

D. Capital Assets

Capital asset activities during the year were as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets not Being Depreciated:				
Land	\$ 470,166	\$ 48,380	\$ -	\$ 518,546
Construction in Progress	-	1,056,137	-	1,056,137
<b>Total Capital Assets not being Depreciated</b>	<b>\$ 470,166</b>	<b>\$ 1,104,517</b>	<b>\$ -</b>	<b>\$ 1,574,683</b>
Capital Assets being Depreciated:				
Building and Improvements	\$ 28,540,963	\$ 29,558	\$ -	\$ 28,570,521
Equipment	527,648	9,062	-	536,710
Vehicles	1,873,515	125,051	-	1,998,566
<b>Total Capital Assets being Depreciated</b>	<b>\$ 30,942,126</b>	<b>\$ 163,671</b>	<b>\$ -</b>	<b>\$ 31,105,797</b>
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 10,574,983	\$ 751,238	\$ -	\$ 11,326,221
Equipment	452,234	12,608	-	464,842
Vehicles	1,359,250	106,145	-	1,465,395
<b>Total Accumulated Depreciation</b>	<b>\$ 12,386,467</b>	<b>\$ 869,991</b>	<b>\$ -</b>	<b>\$ 13,256,458</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>\$ 18,555,659</b>	<b>\$ (706,320)</b>	<b>\$ -</b>	<b>\$ 17,849,339</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 19,025,825</b>	<b>\$ 398,197</b>	<b>\$ -</b>	<b>\$ 19,424,022</b>

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 493,020
Instructional Resources and Media Services	26,277
School Leadership	11,729
Guidance, Counseling and Evaluation Services	1,354
Health Services	1,899
Student Transportation	107,999
Food Services	41,915
Cocurricular / Extracurricular Activities	166,454
General Administration	13,453
Facilities Maintenance and Operations	5,238
Security and Monitoring Services	653
<b>Total</b>	<b>\$ 869,991</b>

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

E. Long Term Obligations

Long Term Obligation Activity

Long-term obligation activities during the year were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation Bonds	\$ 7,205,000	\$ -	\$ 310,000	\$ 6,895,000	\$ 350,000
Direct Borrowings	1,106,000	-	157,000	949,000	157,000
Bond Premium (Discount)	765,089	-	49,361	715,728	-
Total Governmental Activities	<u>\$ 9,076,089</u>	<u>\$ -</u>	<u>\$ 516,361</u>	<u>\$ 8,559,728</u>	<u>\$ 507,000</u>

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities. The District is required to make annual interest payments along with annual principal payments.

The following bonded debt issues are outstanding at year end:

Description	Interest Rate	Original Amount	Outstanding Balance
Unlimited Tax Refunding Bonds, Series 2016	4.0000%	\$ 8,385,000	\$ 6,895,000

Maturity requirements on bonded debt at year end are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2024	\$ 350,000	\$ 259,750	\$ 609,750
2025	360,000	249,100	609,100
2026	370,000	238,150	608,150
2027	380,000	225,000	605,000
2028	400,000	209,400	609,400
2029-2033	2,270,000	787,000	3,057,000
2034-2038	2,765,000	285,300	3,050,300
Totals	<u>\$ 6,895,000</u>	<u>\$ 2,253,700</u>	<u>\$ 9,148,700</u>

Direct Borrowings

The District issued various agreements identified here as direct borrowings. Direct borrowings include financing arrangements such as loans, maintenance tax notes and leases that transfer ownership

Terms of the various borrowing agreements vary with length of term not exceeding 15 years. Each agreement requires different payment terms, but will include both principal and interest amounts. Some of the agreements call for monthly payments while others require semiannual or annual. Maturity dates vary with the length of terms and final maturity dates are presented in the following table. Interest rates vary with each agreement and are presented in the table below.

The following schedule lists personal property acquired through direct borrowings:

Description	Maturity Date	Interest Rate	Original Amount	Outstanding Balance
Qualified Zone Academy Tax Maintenance Note, Series 2014	08/15/2029	0.25%	\$ 2,346,000	\$ 949,000

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

E. Long Term Obligations (Continued)

Maturity requirements on the direct borrowings at year end are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2024	\$ 157,000	\$ 2,373	\$ 159,373
2025	158,000	1,980	159,980
2026	158,000	1,585	159,585
2027	158,000	1,190	159,190
2028	159,000	795	159,795
2029-2033	159,000	398	159,398
Totals	<u>\$ 949,000</u>	<u>\$ 8,321</u>	<u>\$ 957,321</u>

F. Defined Benefits Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

2. Pension Plan Fiduciary Net Position

Detailed information about the System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report(ACFR) that includes financial statements and required information. That report may be obtained on the internet at [http://www.trs.texas.gov/pages/about\\_publications.aspx](http://www.trs.texas.gov/pages/about_publications.aspx); by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2022 ACFR for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2022, and 2021.

Net Pension Liability	2022	2021
Total Pension Liability	\$ 243,553,045,455	\$ 227,273,463,630
Less: Plan Fiduciary Net Position	<u>(184,185,617,196)</u>	<u>(201,807,002,496)</u>
Net Pension Liability	<u>\$ 59,367,428,259</u>	<u>\$ 25,466,461,134</u>
Net Position as percentage of Total Pension Liability	75.62%	88.79%

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

F. Defined Benefits Pension Plan (Continued)

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

4. *Contributions*

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

Employee contribution rates are set in state statute, Texas Government Code, Section 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86<sup>th</sup> Texas Legislature amended Texas Government Code Section 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

	<u>Contribution Rates</u>	
	<u>2022</u>	<u>2023</u>
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
Current Year Employer Contributions		\$ 374,215
Current Year Member Contributions		\$ 595,660
Measurement Year NECE On-Behalf Contributions		\$ 368,877

Contributors to the plan include members, employers, and the State of Texas (State) as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement TRS an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

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

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- A Public Education Employer contribution surcharge of 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2% in fiscal year 2025 on all covered payroll.



ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

F. Defined Benefits Pension Plan (Continued)

5. *Actuarial Assumptions*

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

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

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

*Discount Rate*

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

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

The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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 TRS System's target asset allocation as August 31, 2022, are summarized on the next page:

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

F. Defined Benefits Pension Plan (Continued)

Asset Class	Target Allocation %**	Long -Term Expected Geometric Real Rate of Return***	Expected Contribution to Long Term Portfolio Returns
<b>Global Equity</b>			
USA	18.00%	4.60%	1.12%
Non-US Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity*	14.00%	7.70%	1.55%
<b>Stable Value</b>			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
<b>Real Return</b>			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources & Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
<b>Risk Parity</b>			
	8.00%	4.60%	0.43%
<b>Asset Allocation Leverage</b>			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	(6.00%)	3.60%	(0.05%)
Inflation Expectation			2.70%
Volatility Drag****			(0.91%)
<b>Expected Return</b>	<u>100%</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 8/31/2022)

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

6. *Discount Rate Sensitivity Analysis*

The following presents the District's share of the net pension liability of the plan using the discount rate of 7.00% as well as what the District's share of the net pension liability would be if it were calculated using a discount rate that is 1 – percentage point lower (6.00%) or 1 – percentage point higher (8.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 6,240,800	\$ 4,011,774	\$ 2,205,045

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

At year end, the District reported a liability of \$ 4,011,774 for its proportionate share of the System's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 4,011,774
State's proportionate share that is associated with the District	<u>4,693,073</u>
<b>Total</b>	<u>\$ 8,704,847</u>

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

F. Defined Benefits Pension Plan (Continued)

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

At August 31, 2022, the employer's proportion of the collective net pension liability was 0.0067575344%, which was an increase of 0.0017885574% from its proportion measured as of August 31, 2021.

*Changes Since the Prior Actuarial Valuation*

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

*Pension Expense*

For the current year, the District recognized pension expense of \$ 1,063,388 and revenue of \$ 448,605 for support provided by the State.

The District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at year end:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experiences	\$ 58,170	\$ 87,464
Changes of actuarial assumptions	747,524	186,304
Differences between projected and actual investment earnings	396,350	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	<u>746,352</u>	<u>43,119</u>
Total as of August 31, 2022 measurement date	\$ 1,948,396	\$ 316,887
Contributions paid to TRS subsequent to the measurement date	<u>374,215</u>	<u>-</u>
Total at fiscal year end	<u>\$ 2,322,611</u>	<u>\$ 316,887</u>

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

<u>Year Ending August 31</u>	<u>Amount</u>
2024	\$ 397,256
2025	293,966
2026	181,451
2027	598,997
2028	159,838
Thereafter	1

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

G. Other Post-Employment Defined Benefit Plans

1. *Plan Description*

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

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

2. *OPEB Plan Fiduciary Net Position*

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

The components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2022, and 2021 are as follows:

Net OPEB Liability	2022	2021
Total OPEB Liability	\$ 27,061,942,520	\$ 41,113,711,083
Less: Plan Fiduciary Net Position	(3,117,937,218)	(2,539,242,470)
<b>Net OPEB Liability</b>	<b>\$ 23,944,005,302</b>	<b>\$ 38,574,468,613</b>
Net Position as percentage of Total OPEB Liability	11.52%	6.18%

3. *Benefits Provided*

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

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

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

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

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

G. Other Post-Employment Defined Benefit Plans (Continued)

4. *Contributions*

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

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

	<u>2022</u>	<u>2023</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
Current Year Employer Contributions		\$ 95,294
Current Year Membr Contributions		\$ 48,396
Measurement Period NECE On-Behalf Contributions		\$ 103,729

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

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

5. *Actuarial Assumptions*

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

The actuarial valuation of TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, rates of retirement, termination, and disability including general inflation and salary increases are identical to those used in the respective TRS Pension valuation. These assumptions were developed in the experience study performed for TRS for the measurement period ended August 31, 2017. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

G. Other Post-Employment Defined Benefit Plans (Continued)

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
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

*Health Care Trend Rates*

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

*Discount Rate*

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

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

6. *Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% greater than the discount rate that was used (3.91%) in measuring the net OPEB liability as well as what the net OPEB liability would be if it were calculated using a discount rate of 1% less than the rate used.

	1% Decrease	Discount Rate	1% Increase
District’s proportionate share of the net OPEB liability	\$ 2,922,901	\$ 2,478,969	\$ 2,119,327

7. *Healthcare Cost Trend Rates Sensitivity Analysis*

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate (8.25%), as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District’s proportionate share of the net OPEB liability	\$ 2,042,682	\$ 2,478,969	\$ 3,044,560

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

G. Other Post-Employment Defined Benefit Plans (Continued)

8. *OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At August 31, 2023, the District reported a liability of \$ 2,478,969 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$	2,478,969
State's proportionate share that is associated with the District		3,023,953
 Total		 \$ 5,502,922

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

At August 31, 2022, the District's proportion of the collective net OPEB liability was 0.0103531929%, which was an increase of 0.0016576422% from its proportion measured as of August 31, 2021.

*Change Since the Prior Actuarial Valuation*

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

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

*Changes of Benefit Terms Since the Prior Measurement Date*

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

*OPEB Expense*

The amount of OPEB expense recognized by the District in the reporting period was (\$ 470,828) and revenue of (\$ 429,123) for support provided by the State.

The District reported its proportionate share of TRS-Care's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources at year:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual actuarial experience	\$ 137,822	\$ 2,065,204
Changes in actuarial assumptions	377,596	1,722,240
Differences between projected and actual investment earnings	7,384	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,761,922	99,889
 Total as of August 31, 2022 measurement date	 \$ 2,284,724	 \$ 3,887,333
Contributions paid to TRS subsequent to the measurement date	95,294	-
 Total at fiscal year end	 \$ 2,380,018	 \$ 3,887,333

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

G. Other Post-Employment Benefit Plans (Continued)

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

<u>Year Ending</u> <u>August 31</u>	<u>Amount</u>
2024	\$ (324,112)
2025	(324,087)
2026	(219,961)
2027	(76,640)
2028	(219,485)
Thereafter	(439,324)

H. Medicare Part D Coverage

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 August 31, 2023, 2022 and 2021, the subsidy payments received by TRS-Care on behalf of the District were \$ 40,011, \$ 29,679, and \$ 30,189, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

I. Risk Management

Health Care

During the year, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$ 300 per month per full-time employees. Employees, at their option, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and Blue Cross Blue Shield of Texas is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Blue Cross Blue Shield of Texas are available for the year ended December 31, 2022, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records

Workers Compensation

The District participates in the East Texas Educational Insurance Association Workers Compensation Self Insurance Joint Fund. The District is partially self-funded to a loss fund maximum of \$ 45,216 for the 2021-22 fiscal year. Additionally, the District incurred fixed costs of \$ 25,390 for their share of claims administration, loss control, record keeping, and cost of excess insurance.

Claims administration is provided by Claims Administrative Services, Inc. Reinsurance is provided for aggregate claim losses exceeding \$ 225,000. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed costs will adjust subsequent year charges.

The accrued liability for workers' compensation self-insurance of \$ 42,348 includes \$ 25,750 of incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in the workers' compensation claims liability amounts in the years of 2023 and 2022 are represented below:

	<u>2023</u>	<u>2022</u>
Claims Liability - Beginning	\$ 48,355	\$ 43,580
Claims Incurred (Reduced)	5,811	37,154
Claim Payments	<u>(11,818)</u>	<u>(32,379)</u>
Claims Liability - Ending	<u>\$ 42,348</u>	<u>\$ 48,355</u>



ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

I. Risk Management (Continued)

Unemployment Compensation Pool

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

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

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

Other Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover these liabilities. There were not significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

J. Litigation

The District appears to have no pending litigation as of August 31, 2023.

K. Commitments and Contingencies

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

The effects of the coronavirus-19 (COVID-19) pandemic continues to affect the District's operations including funding for student attendance and operating programs and cost. Continued funding allowances including additional federal funding will cease in future periods. The operational costs associated with these additional revenues will be evaluated along with the need for these services. The cost of the additional federal funded programs may exceed the available resources and require the District to either eliminate or curtail their existence.

L. Subsequent Events

Management has evaluated all events or transactions that occurred after August 31, 2023 up through November 27, 2023, the date the financial statements were issued.

M. Shared Service Arrangements

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

<u>Shared Service Arrangements</u>	<u>Fiscal Agent</u>	<u>Service</u>
Upshur SSA	Gilmer Independent District	DAEP and ABU Services
Upshur County Sheriff's Department	Upshur County	School Resource Officer Program

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2023

N. Revenue from Local and Intermediate Sources

During the year, the District received revenue from local and intermediate in the District's major funds and aggregate non major funds consisting of the following:

	Other		Total
	General	Governmental	
Property Tax Collections	\$ 1,905,658	\$ 456,783	\$ 2,362,441
Investment Income	225,555	6,231	231,786
Food Service Income	-	155,598	155,598
Extracurricular Activities	39,262	-	39,262
Tuition and Fees	8,973	-	8,973
Donations	-	550,354	550,354
Other	90,320	52,064	142,384
<b>Total</b>	<b>\$ 2,269,768</b>	<b>\$ 1,221,030</b>	<b>\$ 3,490,798</b>

O. Receivables

Receivables at year end, for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	Other		Total
	General	Governmental	
Due from Other Governments	\$ 589,228	\$ 880,115	\$ 1,469,343
Property Taxes	780,293	134,545	914,838
Less Allowance for Uncollectible			
Property Taxes	(78,029)	(13,455)	(91,484)
Other Receivables	1,548	204	1,752
<b>Net Receivables</b>	<b>\$ 1,293,040</b>	<b>\$ 1,001,409</b>	<b>\$ 2,294,449</b>

P. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settle up with the State will occur some 9 to 10 months following the fiscal year end.

Funding is earned for: 1) Available – annual allocation based on prior year enrollment; 2) Foundation – annual allocation based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these are the major sources of funding.

	Available	Foundation	IFA	EDA
CY Summary of Finances (SOF)	\$ 501,274	\$ 7,575,900	\$ 57,462	\$ 47,665
Prior Periods Settle-ups	-	(15,552)	-	(34)
August Instructional Days Change	(6,866)	11,448	-	-
<b>Financial Statement Earnings</b>	<b>\$ 494,408</b>	<b>\$ 7,571,796</b>	<b>\$ 57,462</b>	<b>\$ 47,631</b>
<b>Financial Statement Amounts</b>				
SOF Receivable (Overpayment) *	-	(1,454,300)	(113,387)	(63,382)
August Instructional Days Receivable	22,340	566,888	-	-

\* Overpayments are represented in the financial statements as Unearned Revenue (government-wide and governmental).

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED AUGUST 31, 2023

Q. Interfund Balances and Activities

Interfund Receivables and Payables

Amounts due between funds at year end are as follows:

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	\$ 2,000

R. Compliance, Stewardship and Accountability

Expenditures over Appropriations

The following individual funds incurred expenditures in excess of appropriations at functional expenditure levels:

	Budget	Actual	Excess
General Fund:			
Capital Outlay	\$ 950,000	\$ 1,111,949	\$ 161,949
JJAEP Education Programs	94,666	102,937	8,271
Food Service Fund:			
Food Services	772,999	777,701	4,702

S. Change in Accounting Principle

The Governmental Accounting Standards Board (GASB) issued Statement 96, *Subscription-Based Information Technology Arrangements*, with an effective date of fiscal year beginning after June 15, 2022. This required the District to implement the provisions of the Statement during the year. The Statement requires the recognition of longer than 12 month agreements to utilize other types of subscription based technology. As such there are new financial statement captions on the government wide financial statements. For the fund financial statements, the net present value of the payments is recognized as an expenditure in the initial year of the agreement with subsequent payments represented as debt retirement payments. The Statement requires retroactive restatement of assets and liabilities with the difference modifying the beginning net position.

REQUIRED SUPPLEMENTARY INFORMATION

ORE CITY INDEPENDENT SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
5700 Local and Intermediate Sources	\$ 2,371,013	\$ 2,371,013	\$ 2,269,768	\$ (101,245)
5800 State Program Revenues	8,712,364	8,712,364	8,530,352	(182,012)
5900 Federal Program Revenues	90,000	90,000	130,894	40,894
<b>5020 Total Revenues</b>	<b>\$ 11,173,377</b>	<b>\$ 11,173,377</b>	<b>\$ 10,931,014</b>	<b>\$ (242,363)</b>
<b>EXPENDITURES</b>				
Instruction and Instructional Related Services:				
0011 Instruction	\$ 5,313,281	\$ 6,013,281	\$ 5,630,961	\$ 382,320
0012 Instructional Resources and Media Services	58,194	58,194	51,529	6,665
0013 Curriculum and Staff Development	109,865	129,865	116,577	13,288
Total Instruction and Instr. Related Services	<u>\$ 5,481,340</u>	<u>\$ 6,201,340</u>	<u>\$ 5,799,067</u>	<u>\$ 402,273</u>
Instructional and School Leadership:				
0021 Instructional Leadership	\$ 155,634	\$ 180,634	\$ 164,282	\$ 16,352
0023 School Leadership	650,479	600,479	549,558	50,921
Total Instructional and School Leadership	<u>\$ 806,113</u>	<u>\$ 781,113</u>	<u>\$ 713,840</u>	<u>\$ 67,273</u>
Support Services - Student:				
0031 Guidance, Counseling and Evaluation Services	\$ 333,704	\$ 333,704	\$ 214,630	\$ 119,074
0033 Health Services	85,167	85,167	82,218	2,949
0034 Student Transportation	673,538	723,538	684,792	38,746
0036 Cocurricular/Extracurricular Activities	640,220	700,220	679,164	21,056
Total Support Services - Student	<u>\$ 1,732,629</u>	<u>\$ 1,842,629</u>	<u>\$ 1,660,804</u>	<u>\$ 181,825</u>
Administrative Support Services:				
0041 General Administration	\$ 823,510	\$ 823,510	\$ 771,541	\$ 51,969
Total Administrative Support Services	<u>\$ 823,510</u>	<u>\$ 823,510</u>	<u>\$ 771,541</u>	<u>\$ 51,969</u>
Support Services - Nonstudent Based:				
0051 Facilities Maintenance and Operations	\$ 1,500,000	\$ 1,500,000	\$ 1,444,856	\$ 55,144
0052 Security and Monitoring Services	150,000	150,000	67,509	82,491
0053 Data Processing Services	585,122	410,122	360,868	49,254
Total Support Services - Nonstudent Based	<u>\$ 2,235,122</u>	<u>\$ 2,060,122</u>	<u>\$ 1,873,233</u>	<u>\$ 186,889</u>
Capital Outlay:				
0081 Capital Outlay	\$ -	\$ 950,000	\$ 1,111,949	\$ (161,949)
Total Capital Outlay	<u>\$ -</u>	<u>\$ 950,000</u>	<u>\$ 1,111,949</u>	<u>\$ (161,949)</u>
Intergovernmental Charges:				
0095 Payments to Juvenile Justice Alternative Education Programs	\$ 94,663	\$ 94,663	\$ 102,937	\$ (8,274)
Total Intergovernmental Charges	<u>\$ 94,663</u>	<u>\$ 94,663</u>	<u>\$ 102,937</u>	<u>\$ (8,274)</u>
<b>6030 Total Expenditures</b>	<b>\$ 11,173,377</b>	<b>\$ 12,753,377</b>	<b>\$ 12,033,371</b>	<b>\$ 720,006</b>
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (1,580,000)	\$ (1,102,357)	\$ 477,643
<b>1200 Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (1,580,000)</b>	<b>\$ (1,102,357)</b>	<b>\$ 477,643</b>
0100 Fund Balance - Beginning (September 1)	7,785,248	7,785,248	7,785,248	-
<b>3000 Fund Balance - Ending (August 31)</b>	<b>\$ 7,785,248</b>	<b>\$ 6,205,248</b>	<b>\$ 6,682,891</b>	<b>\$ 477,643</b>

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULES OF THE DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 YEAR ENDED AUGUST 31, 2023

	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
District's proportion of the net pension liability	0.0067575344%	0.0049689770%	0.0048530217%	0.0049586007%	0.0045250356%	0.0044506398%	0.0049389000%	0.0047808000%	0.0032787000%
District's proportionate share of the net pension liability	\$ 4,011,774	\$ 1,265,423	\$ 2,599,179	\$ 2,577,636	\$ 2,490,689	\$ 1,423,075	\$ 1,866,333	\$ 1,689,949	\$ 875,785
State's proportionate share of the net pension liability associated with the District	<u>4,693,073</u>	<u>2,380,128</u>	<u>5,099,204</u>	<u>4,481,655</u>	<u>5,048,214</u>	<u>2,906,132</u>	<u>3,344,999</u>	<u>3,052,247</u>	<u>2,621,111</u>
<b>Total</b>	<b><u>\$ 8,704,847</u></b>	<b><u>\$ 3,645,551</u></b>	<b><u>\$ 7,698,383</u></b>	<b><u>\$ 7,059,291</u></b>	<b><u>\$ 7,538,903</u></b>	<b><u>\$ 4,329,207</u></b>	<b><u>\$ 5,211,332</u></b>	<b><u>\$ 4,742,196</u></b>	<b><u>\$ 3,496,896</u></b>
District's covered-employee payroll (for Measurement Year)	\$ 7,214,460	\$ 6,681,287	\$ 6,546,142	\$ 5,812,887	\$ 2,922,810	\$ 3,002,829	\$ 5,090,966	\$ 4,741,624	\$ 4,632,789
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.61%	18.94%	39.71%	44.34%	85.22%	47.39%	36.66%	35.64%	18.90%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only nine years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

\* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 10 month delay for financial reporting in accordance with GASB 68

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 374,215	\$ 315,327	\$ 219,272	\$ 207,270	\$ 179,621	\$ 157,474	\$ 145,750	\$ 151,758	\$ 144,811
Contributions in relations to the contractual required contributions	<u>(374,215)</u>	<u>(315,327)</u>	<u>(219,272)</u>	<u>(207,270)</u>	<u>(179,621)</u>	<u>(157,474)</u>	<u>(145,750)</u>	<u>(151,758)</u>	<u>(144,811)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 7,445,751	\$ 7,214,460	\$ 6,681,287	\$ 6,546,142	\$ 5,812,887	\$ 2,922,810	\$ 5,231,047	\$ 5,090,966	\$ 4,741,624
Contributions as a percentage of covered employee payroll	5.03%	4.37%	3.28%	3.17%	3.09%	5.39%	2.79%	2.98%	3.05%

Note: Only nine years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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

	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017 *</u>
District's proportion of the Net OPEB Liability (Asset)	0.0103531929%	0.0086955507%	0.0089032604%	0.0084730210%	0.0076421628%	0.0061377056%
District's proportionate share of the Net OPEB Liability (Asset)	\$ 2,478,969	\$ 3,354,262	\$ 3,384,531	\$ 4,006,994	\$ 3,815,802	\$ 2,669,058
State's proportionate share of the Net OPEB Liability (Asset) associated with the District	<u>3,023,953</u>	<u>4,493,964</u>	<u>4,547,999</u>	<u>5,324,401</u>	<u>4,806,734</u>	<u>4,134,817</u>
<b>Total</b>	<b><u>\$ 5,502,922</u></b>	<b><u>\$ 7,848,226</u></b>	<b><u>\$ 7,932,530</u></b>	<b><u>\$ 9,331,395</u></b>	<b><u>\$ 8,622,536</u></b>	<b><u>\$ 6,803,875</u></b>
District's covered-employee payroll (for Measurement Year)	\$ 7,214,460	\$ 6,681,287	\$ 6,546,142	\$ 5,812,887	\$ 2,922,810	\$ 3,002,829
District's proportionate share of the Net OPEB Liability as a percentage of it's covered-employee payroll	34.36%	50.20%	51.70%	68.93%	130.55%	88.88%
Plan fiduciary net position as a percentage of the Total OPEB Liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only six years of data is presented in accordance with GASB 75 paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

\* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 10 month delay for financial reporting in accordance with GASB 75.



ORE CITY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DISTRICTS OPEB CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 YEAR ENDED AUGUST 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 95,294	\$ 85,035	\$ 67,932	\$ 67,671	\$ 60,135	\$ 52,720
Contributions in relations to the contractual required contributions	<u>(95,294)</u>	<u>(85,035)</u>	<u>(67,932)</u>	<u>(67,671)</u>	<u>(60,135)</u>	<u>(52,720)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 7,445,751	\$ 7,214,460	\$ 6,681,287	\$ 6,546,142	\$ 5,812,887	\$ 2,992,810
Contributions as a percentage of covered employee payroll	1.28%	1.18%	1.02%	1.03%	1.03%	1.80%

Note: Only six years of data is presented in accordance with GASB 75, paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED AUGUST 31, 2023

A. Budget

The official budget was prepared for adoption for all Government Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse on August 31, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

B. Defined Benefit Pension Plan

1. Changes of Assumptions Since the Prior Measurement Date

Actuarial assumptions and methods have been modified since the determination of the prior year 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% to 7.00%.

2. Changes of Benefit Terms Since the Prior Measurement Date

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

C. OPEB Healthcare Plan

1. Changes of Assumptions Since the Prior Measurement Date

The single discount rate changed from 1.95% as of last year to 3.91% at August 31, 2022. Lower participation rates and updates to the health care trend rate assumptions were also factors then decreased the District's proportion of the total OPEB liability.

2. Changes of Benefit Terms Since the Prior Measurement Date

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

OTHER SUPPLEMENTARY INFORMATION

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 YEAR ENDED AUGUST 31, 2023

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2022	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2023
		Maintenance	Maintenance							
XXXX	2014 and Prior Years	Various	Various	Various	\$ 273,454	\$ -	\$ 11,190	\$ 1,932	\$ (32,402)	\$ 227,930
2014	2015	1.170000	0.165000	140,599,700	52,914	-	4,816	679	(3,064)	44,355
2015	2016	1.170000	0.165000	151,177,325	57,092	-	5,315	750	(3,245)	47,782
2016	2017	1.170000	0.165000	151,271,243	72,743	-	6,580	928	(4,989)	60,246
2017	2018	1.170000	0.165000	158,194,382	78,993	-	7,293	1,028	(5,091)	65,581
2018	2019	1.170000	0.165000	154,376,682	79,458	-	8,056	1,136	(4,476)	65,790
2019	2020	1.068300	0.175000	168,074,871	85,149	-	5,736	940	(5,054)	73,419
2020	2021	1.054700	0.175000	168,145,549	101,023	-	7,996	1,327	(5,629)	86,071
2021	2022	1.047800	0.200600	172,877,283	143,707	-	30,911	5,918	(11,127)	95,751
2022	2023	1.001500	0.246700	171,902,740	-	2,145,690	1,734,929	427,367	164,518	147,912
<b>1000</b>	<b>TOTALS</b>				<b>\$ 944,533</b>	<b>\$ 2,145,690</b>	<b>\$ 1,822,822</b>	<b>\$ 442,005</b>	<b>\$ 89,441</b>	<b>\$ 914,837</b>

Total amount of taxes refunded under Section 26.1115 Tax Code, for owners who received and Exemption as provided by Section 11.42(F), Tax Code \$ 7,945

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
5700 Local and Intermediate Sources	\$ 165,742	\$ 165,742	\$ 158,613	\$ (7,129)
5800 State Program Revenues	24,525	24,525	27,725	3,200
5900 Federal Program Revenues	542,732	542,732	555,059	12,327
<b>5020 Total Revenues</b>	<b>\$ 732,999</b>	<b>\$ 732,999</b>	<b>\$ 741,397</b>	<b>\$ 8,398</b>
<b>EXPENDITURES</b>				
Current:				
Support Services - Student (Pupil):				
0035 Food Services	\$ 732,999	\$ 772,999	\$ 777,701	\$ (4,702)
Total Support Services - Student (Pupil)	\$ 732,999	\$ 772,999	\$ 777,701	\$ (4,702)
<b>6030 Total Expenditures</b>	<b>\$ 732,999</b>	<b>\$ 772,999</b>	<b>\$ 777,701</b>	<b>\$ (4,702)</b>
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ (40,000)	\$ (36,304)	\$ 3,696
<b>1200 Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ (40,000)</b>	<b>\$ (36,304)</b>	<b>\$ 3,696</b>
0100 Fund Balance - Beginning (September 1)	88,587	88,587	88,587	-
<b>3000 Fund Balance - Ending (August 31)</b>	<b>\$ 88,587</b>	<b>\$ 48,587</b>	<b>\$ 52,283</b>	<b>\$ 3,696</b>

ORE CITY INDEPENDENT SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2023

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 625,765	\$ 625,765	\$ 463,010	\$ (162,755)
5800	State Program Revenues	116,150	116,150	105,093	(11,057)
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 741,915</b>	<b>\$ 741,915</b>	<b>\$ 568,103</b>	<b>\$ (173,812)</b>
<b>EXPENDITURES</b>					
Debt Service:					
0071	Principal on Long-Term Debt	\$ 467,000	\$ 467,000	\$ 467,000	\$ -
0072	Interest on Long-term Debt	272,415	272,415	272,415	-
0073	Bond Issuance Costs and Fees	2,500	2,500	806	1,694
	Total Debt Service	\$ 741,915	\$ 741,915	\$ 740,221	\$ 1,694
<b>6030</b>	<b>Total Expenditures</b>	<b>\$ 741,915</b>	<b>\$ 741,915</b>	<b>\$ 740,221</b>	<b>\$ 1,694</b>
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	\$ (172,118)	\$ (172,118)
<b>1200</b>	<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (172,118)</b>	<b>\$ (172,118)</b>
0100	Fund Balance - Beginning (September 1)	182,455	182,455	182,455	-
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<b>\$ 182,455</b>	<b>\$ 182,455</b>	<b>\$ 10,337</b>	<b>\$ (172,118)</b>

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
 AS OF AUGUST 31, 2023

<u>Data Control Codes</u>		<u>Response</u>
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 / other sources 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 Teacher 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 warranty hold was issued, the school district is considered to not have made timely payments). 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.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial hold was resolved and cleared within 30 days, the shool district is considered to have been insued 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 post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Administrative Code and other statues, laws and rules that were in effect at the school districts fiscal year-end?	Yes
SF8	Did the school board members discuss the school districts property value 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.	\$ -0-

ORE CITY INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED RESPONSES TO  
 STATE MANDATED PROGRAM REQUIREMENTS  
 YEAR ENDED AUGUST 31, 2023

<u>Data Control Codes</u>		<u>Response</u>
<b><u>Section A: Compensatory Education Programs</u></b>		
<u>AP1</u>	Did your District expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<u>AP2</u>	Does the District have written policies and procedures for its state compensatory education program?	Yes
<u>AP3</u>	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 888,227
<u>AP4</u>	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 1,812,234
<b><u>Section B: Bilingual Education Programs</u></b>		
<u>AP5</u>	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
<u>AP6</u>	Does the District have written policies and procedures for its bilingual education program?	Yes
<u>AP7</u>	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 39,021
<u>AP8</u>	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PIC's 25, 35)	\$ 27,917



FEDERAL AWARDS SECTION

ORE CITY INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2023

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal ALN Number	(02A) Pass-Through Grantor Identifying Number	(03) Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through the Texas Education Agency:			
ESSA Title V, Part B - Rural & Low Income School <i>Total ALN 84.358</i>	84.358b	23696001230903	\$ 27,415 <hr/> 27,415
ESSA Title I Part A - Improving Basic Programs <i>Total ALN 84.010</i>	84.010a	23610101230903	386,472 <hr/> 386,472
IDEA - B, Formula - B	84.027a	236600012309036600	
IDEA - B, Formula - B	84.027a	236600012309036600	272,507
IDEA - B, Formula - ARP - B <i>Total ALN 84.027</i>	84.027x	225350022309035350	37,567 <hr/> 310,074
IDEA - B, Preschool - B	84.173a	236610012309036610	2,292
IDEA - B, Preschool - ARP - B <i>Total ALN 84.173</i>	84.173x	225360022309035360	2,194 <hr/> 4,486
ESSA Title II Part A - Supporting Effective Education <i>Total ALN 84.367</i>	84.367a	23694501230903	54,213 <hr/> 54,213
Elementary and Secondary School Emergency Relief - I - D*	84.425d	20521001230903	1,050
Elementary and Secondary School Emergency Relief - III -D* <i>Total ALN 84.425</i>	84.425u	21528001230903	1,133,053 <hr/> 1,134,103
ESSA Title IV Part A - Student Support & Academic Achievement <i>Total ALN 84.3424</i>	84.367a	23680101230903	36,476 <hr/> 36,476
Passed through the Texas Education Agency			<hr/> 1,953,239
<b>Total Department of Education</b>			<hr/> <b>1,953,239</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program - A	10.553	00621	110,644
National School Lunch Program - A	10.555	00621	368,365
NSLP - Pandemic Electronic Benefit Reimbursement - A	10.542	00621	628
NSLP - Commodity Delivery Reimbursement	10.560	00621	3,979
NSLP - Supply Chain Assistance Grant - A	10.555	00621	27,045
USDA Commodity Food Distribution	10.565	00621	44,399 <hr/> 555,060
<b>Total Department of Agriculture</b>			<hr/> <b>555,060</b>
<b>Total Expenditures of Federal Awards</b>			<hr/> <b>\$ 2,508,299</b>

\* Denotes Major Program  
A - Child Nutrition Cluster - Total Cluster - \$ 506,682  
B - Special Education Cluster - Total Cluster - \$ 314,560  
D - Education Stabilization Fund - Total Cluster - \$ 1,134,103

The accompanying notes are an integral part of this statement.

ORE CITY INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2023

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal activity of the Ore City Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

B. Summary of Significant Accounting Policies

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds which are governmental fund types. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

C. Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and used. No provision has been made for amounts on hand on August 31, 2023.

D. Indirect Cost

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

E. Reconciliation of Federal Revenue with Financial Statements

The District records amounts received from the federal government or other recipients of federal grant as federal revenue in the financial statements. This reconciliation identifies the difference between the financial statement revenues and the schedule of expenditures of federal awards:

Total Federal Expenditures (Exhibit K-1)	\$	2,508,299
School Health Services (SHARS)		130,894
Federal Revenue (Exhibit C-3)	\$	2,639,193