

*ANNUAL FINANCIAL AND
COMPLIANCE REPORT*

**FREDERICKSBURG
INDEPENDENT SCHOOL DISTRICT**

Fredericksburg, Texas

For the Year Ended
June 30, 2024

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
JUNE 30, 2024

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024
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CERTIFICATE OF BOARD

Fredericksburg Independent School District
Name of School District

Gillespie
County

086901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2024 at a meeting of the Board of Trustees of such school district on the 11th of November, 2024.



Signature of Board Secretary



Signature of Board President

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



NEFFENDORF & BLOCKER, P.C.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Fredericksburg Independent School District
Fredericksburg, Texas 78624

Report on the Audit of 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 Fredericksburg Independent School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Fredericksburg Independent School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fredericksburg Independent School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Fredericksburg Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

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misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of the district's proportionate share of the net pension liability, schedule of the district's contributions, schedule of the district's proportionate share of the OPEB liability and the schedule of the district contributions for other post-employment benefits on pages 5-16 and 53-62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-4. These schedules have been subjected to the auditing procedures

applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, on our consideration of the Fredericksburg Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fredericksburg Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fredericksburg Independent School District's internal control over financial reporting and compliance.

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas
November 6, 2024

Fredericksburg Independent School District Management's Discussion and Analysis Year Ended June 30, 2024



This section of the Fredericksburg Independent School District's annual financial report presents Fisd Administration's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2024. Please read this narrative overview and analysis of the financial activities of the District in conjunction with the District's financial statements, which follow this section.

DISTRICT HIGHLIGHTS

The Fredericksburg Independent School District (FISD) is located in central Texas in the Texas Hill Country area. Following are some district highlights:

- FISD Vision: Inspiring Excellence
- FISD Mission: To guide students to be the best version of themselves and achieve unlimited potential.
- In Fredericksburg ISD we believe:
 - Students will be challenged and engaged as creative and collaborative problem solvers with academic confidence.
 - Parents and Families are engaged partners who both need and provide appropriate levels of support and good communication so that all partners can be accountable.
 - Teachers build individualized relationships with students and families to strengthen academic confidence, inspire an ongoing desire to learn and to be a positive, contributing member of society.
 - Campus Leaders are accountable to the community, staff, and students through active engagement, academic confidence, and team driven results.
 - The Superintendent and Central Office Staff have a supportive role in the district, to facilitate, communicate, evaluate, and monitor all aspects of the district's goals.
 - The School Board is the voice of the community by demonstrating accountability, instituting checks and balances, providing governance oversight, and bridging the gap between the community and the district.
- FISD Goals
 - High Performing Students
 - Highly Engaged Staff
 - Strong Community Partnerships
 - Strategic Resource Management
- The 2024 preliminary A-F Accountability rating for FISD is a B (83). This is up six percentage points from a preliminary rating of a C (77) in 2023. Per the Texas Education Agency (TEA), the issuance of 2023 and 2024 A-F ratings remains pending and subject to change based on judicial rulings.
- FISD has one high school serving grades 9 through 12. There is one middle school serving grades 6 through 8. There is one large elementary school in the city serving grades 2 through 5 and one small rural elementary school that serves grades K through 5. A primary school serves grade Pre-K through grade 1. Additionally, there is one alternative high school.
- The enrollment of the district declined slightly from 2022-2023. Enrollment approximated 3,000.
- FISD administrative offices is located in the city of Fredericksburg in Gillespie County. The estimated population of the city in 2023 per the U.S. Census was 11,542, which is just over 41% of the population of the entire county of 27,733.
- FISD has approximately 500 employees that handle school district business in more than 606,000 square feet on nearly 177 acres.
- The FISD is located mainly in Gillespie County but also has a small amount of property that extends into Blanco and Kendall counties.
- The land area of the city is only 9.25 square miles, but the square miles that the school district serves is 758.
- The district is considered a wealthy school district based on property wealth per student according to the Texas Education Agency. Therefore, the district sent approximately \$16 million of local property tax revenue to the state of Texas to fund other school districts in the current fiscal year. This amounted to over 35% of local property tax revenue sent out of the district, however, 61.93% of the students in the district qualified as Economically Disadvantaged.
- According to the U.S. Census, the median household income was \$56,858 annually as compared to the state average of \$73,035. However, the median home value was \$416,700 in Fredericksburg, but only \$238,000 in the state as a whole.
- The population of the city is 78% Anglo and 20% Hispanic, yet the population of the school district students was 45% Anglo, 53% Hispanic, and 2% various other.
- The oldest school building in use in the district was built in 1875, while the newest campus was built in 1994. The district continues to renovate older buildings and build additions to existing facilities.



FINANCIAL HIGHLIGHTS

- In May 2022, the voters of Fredericksburg Independent School District approved a \$82,000,000 bond issue. This bond issue is the biggest bond issuance in the history of the District. Inclusive playground additions at our elementary & primary campuses, outdoor restrooms at Primary School, Athletic improvements, and new buses have already been completed. A new building for Fredericksburg Middle School at a new site is currently in progress and will be completed and ready for students for the 2025-2026 school year. Additional uses of the funds will be for Career Technical additions and renovations at Fredericksburg High School, safety, security, and technology updates.
- The District’s total net position for governmental activities increased by \$6,360,436 during 2023-2024 to \$44,094,187 at June 30, 2024 (Exhibits A-1 and B-1).
- The General Fund reported an ending fund balance this year of \$18,844,506 (Exhibits C-1 and C-3), which is an increase of \$356,932. This increase is mainly due to vacancies unanticipated during the year.
- Since its inception, for the 22nd year in a row, FISD earned a rating of Passed by the Texas Education Agency (TEA) under its Financial Integrity Rating System of Texas (FIRST). Superior Achievement is the highest rating possible and is based on criteria used to determine the overall financial health and stability of school districts throughout Texas.

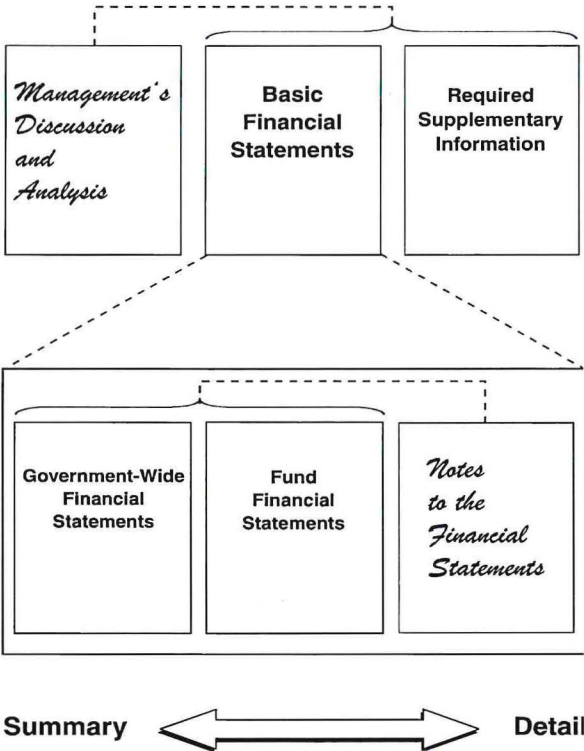
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts

- **Management’s Discussion and Analysis (this section)**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining statements for non-major governmental funds (optional).**

Figure A-1 below identifies the required components of the District’s Annual Financial Report.

Figure A-1 Required Components of the District’s Annual Financial Report



Fredericksburg Independent School District Management's Discussion and Analysis Year Ended June 30, 2024



The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements (Exhibits A-1 and B-1) are *government-wide financial statements* that provide both long-term and short-term information about the District's overall financial status. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.
- 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.

Fund financial statements may include governmental funds statements, proprietary fund statements, and fiduciary fund statements.

- *The governmental funds statements* tell how general government services were financed in the short term as well as what remains for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.
- *Proprietary fund statements* offer short-term and long-term financial information about the activities the government operates like businesses.
- *Fiduciary fund statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of those outside the district.

The financial statements also include notes that explain some of the information in the financial statements with narrative and provide additional data needed for full disclosure in the government-wide statements or the fund financial statements. The section of the report containing combining statements is not required by the Texas Education Agency (TEA) but contains detailed information about the District's individual funds.

The statements are followed by a section of required supplementary information titled **TEA Required Schedules** that further explains and supports the information in the financial statements. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants it receives.

Government-wide Financial Statements – Reporting the District as a Whole

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.

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. 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 non-financial factors such as changes in the District's tax base, changes in the District's average daily attendance and the condition of District facilities.

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

Fund Financial Statements – Reporting the District's Most Significant Funds

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. Laws and contracts require the District to establish some funds. Other funds, such as Campus Activity Funds, are set up to help the District manage and control money for particular purposes.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds:

**Fredericksburg Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2024**



- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on how cash, and other financial assets that can readily be converted to cash, flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them because this information does not encompass the additional long-term focus of the government-wide statements.
- *Proprietary funds*—These funds provide the same type of information as the government-wide financial statements, only in more detail. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District has no business-type activities or enterprise funds. The second type of proprietary fund is the internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. At year end, the District has no Internal Service Funds.
- *Fiduciary funds*—The District is the trustee, or fiduciary, for certain funds. Due to a trust arrangement, the District is responsible for assets that can be used only for the trust beneficiaries. 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 and a Statement of Changes in 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. Fiduciary funds for the District include scholarship and student activity funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

All of the District's restricted net position represents proceeds from tax collections that are restricted for bond debt payment and capital projects and other minor purposes.

Unrestricted net position reflects a deficit created by a prior period adjustment resulting from the implementation of GASB 75 in fiscal year 2018 for OPEB. Although the District reports a deficit, the deficit is primarily due to reporting the District's proportionate share of the net OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Table A-1 provides detail on the District's combined net position, which was \$44,094,187 on June 30, 2024.

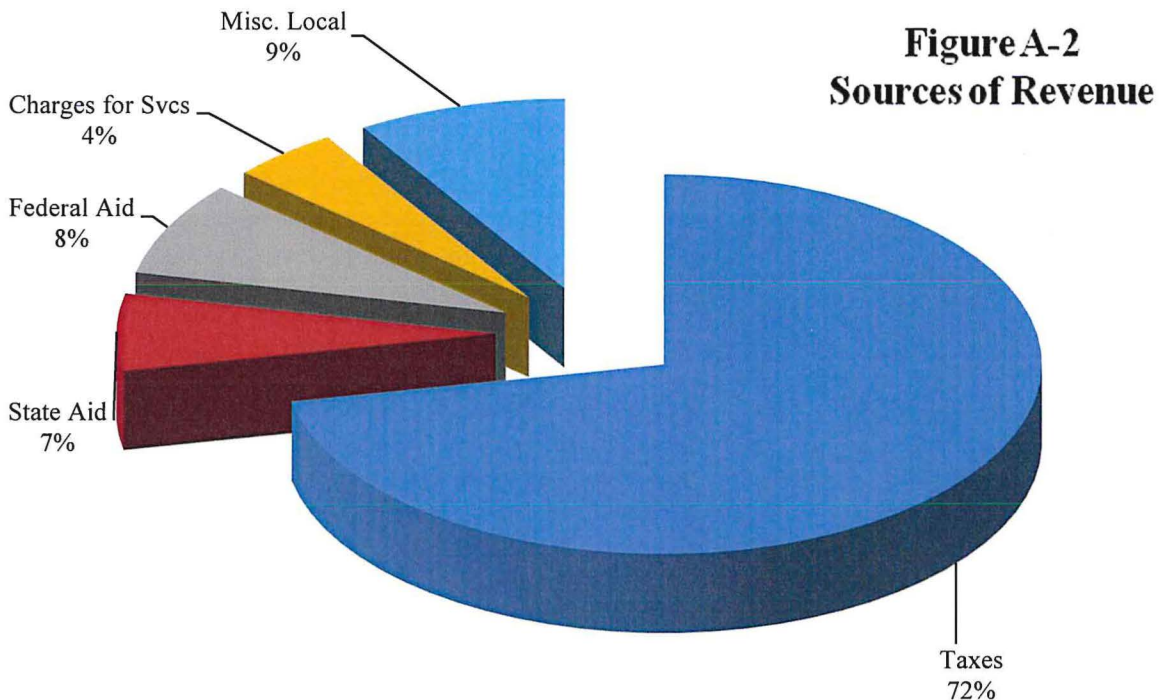
**Table A-1
Fredericksburg Independent School District
Changes in Net Position**

	2023 / 2024	2022 / 2023	% Change
Current Assets:			
Cash and cash equivalents	\$ 84,476,569	\$ 127,193,006	-33.58%
Due from Other Governments	\$ 3,355,765	\$ 2,074,851	61.74%
Receivables/Supplies	\$ 3,212,530	\$ 3,205,835	0.21%
Total Current Assets	\$ 91,044,864	\$ 132,473,692	-31.27%
Noncurrent Assets:			
Prepayments	\$ 70,627	\$ 74,148	-4.75%
Total Noncurrent Assets	\$ 70,627	\$ 74,148	-4.75%
Capital Assets:			
Land and Buildings	\$ 40,976,158	\$ 40,794,488	0.45%
Furniture & Equipment	\$ 2,234,431	\$ 1,150,038	94.29%
Right-to-Use Leased Assets	\$ 316,358	\$ 294,660	7.36%
SBITA Assets	\$ 99,762	\$ 178,554	-44.13%
Construction in Progress	\$ 48,253,368	\$ 6,171,254	681.91%
Total Noncurrent Assets	\$ 91,880,077	\$ 48,588,994	89.10%
Total Assets	\$ 182,995,568	\$ 181,136,834	1.03%
Deferred Outflows of Resources:			
Deferred outflows-Other Post Retirement Benefits	\$ 1,742,692	\$ 1,728,649	0.81%
Deferred outflows-TRS Pension	\$ 5,445,725	\$ 4,647,679	17.17%
Total Deferred Outflows of Resources	\$ 7,188,417	\$ 6,376,328	12.74%
Current Liabilities:			
Accounts Payable and Accrued liabilities	\$ 12,958,556	\$ 6,186,410	109.47%
Due to Other Governments	\$ 16,657,030	\$ 23,905,457	-30.32%
Bonds Payable-current	\$ 3,505,123	\$ 3,265,647	7.33%
Deferred/Unearned Revenue	\$ 307,207	\$ 147,010	108.97%
Total Current Liabilities	\$ 33,427,916	\$ 33,504,524	-0.23%
Noncurrent Liabilities:			
Bonds Payable-due in more than one year	\$ 83,445,682	\$ 87,706,078	-4.86%
Net Pension Liability (District share)	\$ 12,883,788	\$ 10,394,666	23.95%
Net OPEB Liability (District's Share)	\$ 5,698,272	\$ 6,027,479	-5.46%
Total Noncurrent Liabilities	\$ 102,027,742	\$ 104,128,223	-2.02%
Total Liabilities	\$ 135,455,658	\$ 137,632,747	-1.58%
Deferred Inflows of Resources:			
Deferred Inflow Lease Receivable	\$ 1,111,376	\$ 1,172,834	-5.24%
Deferred Inflows-TRS Pension	\$ 562,149	\$ 932,646	-39.73%
Deferred Inflows-OPEB	\$ 8,960,615	\$ 10,041,184	-10.76%
Total Deferred Inflows of Resources	\$ 10,634,140	\$ 12,146,664	-12.45%
Net Position:			
Net Investment in Capital Assets	\$ 41,197,373	\$ 35,259,941	16.84%
Restricted for Federal and State Programs	\$ 1,169,357	\$ 1,530,957	-23.62%
Restricted for Debt Service	\$ 2,913,020	\$ 2,554,085	14.05%
Unrestricted	\$ (1,185,563)	\$ (1,611,232)	26.42%
Total Net Position	\$ 44,094,187	\$ 37,733,751	16.86%

**Fredericksburg Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2024**



The District's total revenues were \$72.9 million (Exhibit C-3). A significant portion (72%) of the District's revenue comes from local taxes.



Senate Bill 2, which passed during the 2nd special called 88th legislative session, along with a voter approved constitutional amendment in November 2023 provided property tax relief in the form of increased homestead exemptions (from \$40,000 to \$100,000) and required a district's M&O rate to be reduced by an additional \$0.107. This legislation, along with House Bill 3, which passed during the 86th legislative session in 2019, resulted in a 2023-2024 M&O tax rate of \$0.6692, a drop of almost 35.7% in 5 years.

Governmental Activities

The combined tax rate for 2023-2024 decreased from the prior year by \$0.1854 to \$0.7754.

- The tax rate for the General Operating Fund decreased from the prior year by \$0.1854 to \$0.6692 per \$100 of valuation.
- The Debt Service portion of the tax rate was the same as in the prior year at \$0.1062.

The total cost of all programs and services was \$65.97 million (Exhibit B-1). Of these costs, 53% are for instructional and student support services and 24% paid to educate students from another district under Recapture ruling. Other costs total 23%.

The amount that our taxpayers paid for these activities through property taxes was \$52 million. Costs paid by those who directly benefited from the programs totaled \$3.4 million. State and Federal Grants and Contributions covered \$5.6 million of these costs.

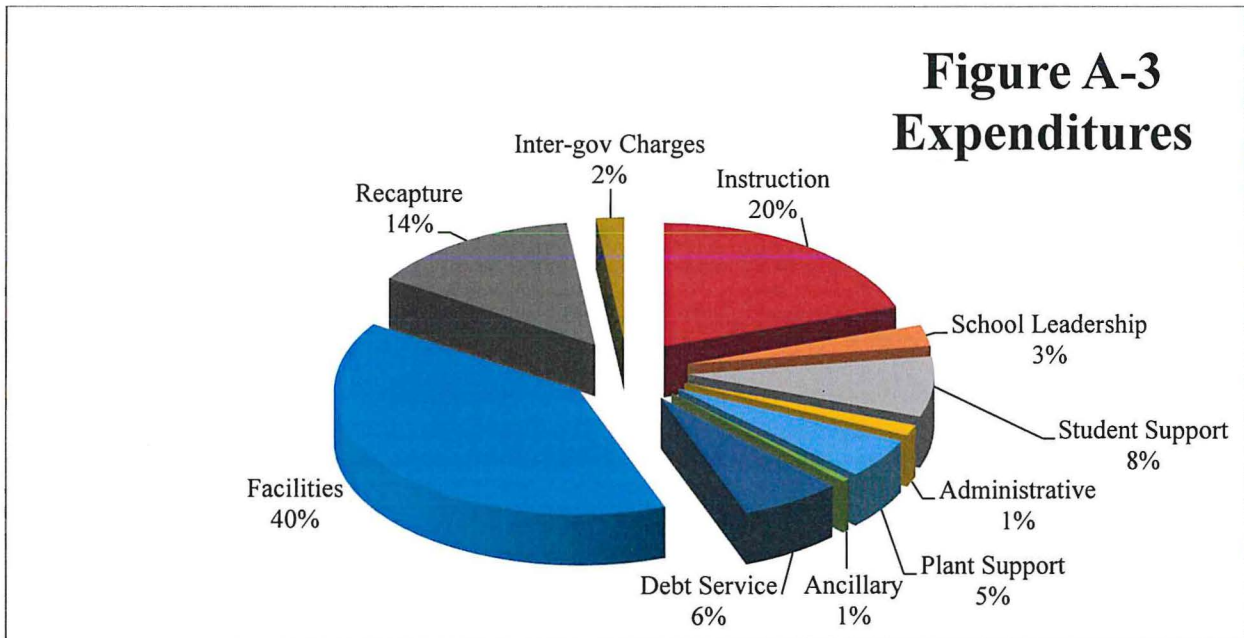
Table A-2
Fredericksburg Independent School District
Changes in Net Position

	<u>2023 / 2024</u>	<u>2022 / 2023</u>	<u>% Change</u>
Program Revenues:			
Charges for Services	\$ 3,373,207	\$ 3,202,676	5.32%
Operating Grants & Contributions	\$ 5,602,458	\$ 5,480,181	2.23%
General Revenues:			
Property Taxes	\$ 52,363,121	\$ 58,871,137	-11.05%
State Aid - Formula Grants	\$ 1,199,208	\$ 1,806,066	-33.60%
Grants & Contributions-not restricted	\$ 3,250,287	\$ 1,531,104	112.28%
Investment Earnings	\$ 5,161,850	\$ 4,604,533	12.10%
Other	\$ 1,384,151	\$ 633,308	118.56%
Total Revenues	<u>\$ 72,334,282</u>	<u>\$ 76,129,005</u>	<u>-4.98%</u>
Expenses:			
Instruction & Related Services	\$ 23,231,447	\$ 21,271,750	9.21%
Instructional & School Leadership	\$ 3,374,105	\$ 3,097,669	8.92%
Student Support Services	\$ 8,539,901	\$ 7,399,061	15.42%
General Administrative	\$ 1,688,750	\$ 1,489,162	13.40%
Plant Support Services	\$ 6,018,561	\$ 5,257,520	14.48%
Ancillary Services	\$ 579,347	\$ 482,675	20.03%
Debt Service	\$ 3,477,245	\$ 4,114,589	-15.49%
Facilities Acquisition & Construction	\$ 904,567	\$ 887,749	1.89%
Contracted Instructional Services	\$ 16,026,118	\$ 23,706,066	-32.40%
Inter-governmental charges	\$ 2,133,805	\$ 1,894,455	12.63%
Total Expenses	<u>\$ 65,973,846</u>	<u>\$ 69,600,696</u>	<u>-5.21%</u>
Increase (Decrease) in Net Position	\$ 6,360,436	\$ 6,528,309	-2.57%
Net Position Beginning	\$ 37,733,751	\$ 31,205,442	20.92%
Net Position Ending	<u><u>\$ 44,094,187</u></u>	<u><u>\$ 37,733,751</u></u>	<u><u>16.86%</u></u>

Table A-3 below presents the cost of each of the District’s largest 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 \$65.97 million (Exhibit B-1).

**Table A-3
Fredericksburg Independent School District
Net Cost of Selected District Functions**

	Total Cost			Net Cost		
	2023/2024	2022/2023	% Change	2023/2024	2022/2023	% Change
Instruction	\$ 23,231,447	\$ 21,271,750	9.21%	\$ 20,316,347	\$ 18,117,592	12.14%
School Leadership	\$ 3,374,105	\$ 3,097,669	8.92%	\$ 3,319,875	\$ 3,060,930	8.46%
Extra/Co-Curricular	\$ 2,183,310	\$ 1,922,676	13.56%	\$ 1,707,673	\$ 1,421,981	20.09%
General Administration	\$ 1,688,750	\$ 1,489,162	13.40%	\$ 1,667,689	\$ 1,486,982	12.15%
Plant Maintenance & Operations	\$ 6,018,561	\$ 5,257,520	14.48%	\$ 5,591,907	\$ 5,166,285	8.24%
Debt Service – Interest & Charges	\$ 3,477,245	\$ 4,114,589	-15.49%	\$ 3,477,245	\$ 4,110,578	-15.41%
Contracted Instructional Services	\$ 16,026,118	\$ 23,706,066	32.40%	\$ 16,026,118	\$ 23,706,066	32.40%



The District’s total expenditures were \$114,202,272 (Exhibit C-3). Note that the direct instructional percentage increases from 20% to 50% when the Recapture payment to other school districts and TEA and Debt Service and Construction expenditures are removed from the calculation.



FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from all governmental fund types totaled \$72.9 million, a decrease of \$3.9 million, while the recapture payment also decreased by approximately \$7.7 million, providing a net increase of approximately \$3.8 million. Student enrollment decreased by 89, or 3%, which matched initial estimates. Among other increased costs, a 5.4% market median raise was provided to teaching staff, and a midpoint raise ranging from 3% to 11.4% was provided to all other employees. Payroll costs comprise about 80% of the district’s operating expenditures.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget monthly as needed. General Fund actual expenditures were \$3.2 million below final budget amounts (Exhibit G-1).

The most significant positive variances resulted from unfilled staffing positions during the year. Staffing is budgeted for full employment of all positions during the year, however, since the pandemic, full staffing has been difficult to obtain. Budget amounts for vacant positions throughout the year are not adjusted in the budget since they are expected to be filled by the next budget cycle. Spending was controlled due to the strict budget system the school district utilizes.

Resources available were \$1.6 less than the final budgeted amount. This was mainly due to reduced property taxes received than anticipated.

School Nutrition Fund Highlights

On December 1, 2007, in fiscal 2007-2008, the District became a self-operated, self-sustaining School Nutrition Program. Since that time, the District fully serves the school nutrition needs of FISD students. The School Nutrition Fund ended with a positive fund balance of \$1,191,441 for the fiscal year (see Exhibit H-1, H-2, and J-2). Regulations indicate that the level of net cash resources not exceed three months’ average expenditures in the School Nutrition Program. At year end, the School Nutrition Program fund balance does not fall within the allowable level. During the 2023-2024 fiscal year, the School Nutrition fund balance was reduced by \$371,247 in accordance with the approved Excess Cash Plan. FISD will continue to take steps to reduce its net cash resources with a plan to improve the quality of the school nutrition program by purchasing needed supplies and equipment during 2024-2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had cumulatively invested \$91.5 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4 and Note III, H) This amount represents a net increase (including additions and deductions) of approximately \$43.4 million over the prior year.

**Table A-4
Fredericksburg Independent School District
Capital Assets
(Net of accumulated depreciation)**

	Governmental Activities		% Change
	2032/2024	2022/2023	
Land	\$ 9,326,942	\$ 9,034,448	3.24%
Building & Improvements	\$ 75,413,784	\$ 74,054,104	1.84%
Equipment	\$ 13,461,782	\$ 12,014,596	12.05%
Construction in Progress	\$ 48,253,368	\$ 6,171,254	681.91%
Totals at historical cost	\$ 146,455,876	\$101,274,402	44.61%
Total Accumulated Depreciation	\$ (54,991,919)	\$(53,158,622)	3.45%
Net Capital Assets	\$ 91,463,957	\$ 48,115,780	90.09%



Long Term Debt

At year-end the District had \$81,980,000 in bonds outstanding as shown in Table A-5 and on Exhibit A-1. More detailed information about the District’s debt is presented in the Notes III, I to the financial statements.

**Table A-5
Fredericksburg Independent School District
Long Term Debt**

<u>2023/2024</u>	<u>2022/2023</u>	<u>% change</u>
\$ 81,980,000	\$ 85,720,000	-4.36%

Bond Ratings

The District’s bonds presently carry “AAA” ratings with an underlying rating from Moody’s Investors Service of “Aa2”.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The District’s budget for the next year 2024–2025 was adopted on June 24, 2024. The following factors were considered by the Board in adopting the budget for 2024–2025:

Revenues

- The General Operating Fund revenue budget was approved for just over \$56 million reflecting approximately \$2 million more than the final budget for the prior year due to higher property values, partially offset by a lower tax rate.
- For 2024/25, the M&O rate dropped from \$0.6692 to \$0.6669 and the I & S remained at \$0.1062, for a total tax rate of \$0.7731.
- The Gillespie County certified tax roll freeze adjusted taxable value totaling \$6.6 billion for 2024-2025 for the District reflects an increase of approximately \$500 million or 8% over the adjusted roll for the prior year.
- Average Daily Attendance (ADA) is a component of the state funding formulas for schools in Texas. An increase in average daily attendance can result in increased state funding, depending on other factors in the formula. Changes in ADA usually result from overall changes in the student population. Total refined average daily attendance (ADA) changes slightly from year to year. From 2019-2020 through 2021-2022, TEA held Districts harmless for partial attendance drops due to the pandemic. The below numbers include those adjustments from TEA.

Fiscal Year	Refined ADA	Percentage Change
2010-2011	2,794	
2011-2012	2,769	- 0.90%
2012-2013	2,804	+ 1.30%
2013-2014	2,794	- 0.30%
2014-2015	2,844	+ 1.80%
2015-2016	2,940	+ 3.40%
2016-2017	2,987	+ 1.60%
2017-2018	2,970	- 0.50%
2018-2019	2,918	- 1.75%
2019-2020	2,949	+ 1.06%
2020-2021	2,827	- 4.14%
2021-2022	2,862	+ 1.24%
2022-2023	2,830	- 1.12%
2023-2024	2,777	- 1.87%
2024-2025	2,807 est	+1.08%

**Fredericksburg Independent School District
Management's Discussion and Analysis
Year Ended June 30, 2024**



Expenditures

- The General Operating Fund expenditure budget was approved for just over \$57 million, resulting in a deficit budget of \$1 million. This deficit was approved consciously by the School Board in order to maintain a quality education for FISD students despite State Legislative funding support.
- There was a 3.5% on average increase for teachers, and a 3% midpoint compensation increase for all other employees.
- The recapture payment to TEA is estimated at \$19 million for 2024-2025. This is an increase of just over \$3 million in expenditures, while state and local revenue will also increase by approximately the same amount, for an estimated net effect of \$0.
- The District's fund balance position as of June 30, 2024 reflects funds available to use for one-time or capital expenditures. The Board has identified a number of projects for consideration from the committed fund balance in the general fund.

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 the FISD Assistant Superintendent for Business or log on at <https://www.fisd.org/our-district/departments/financial-transparency>.

BASIC FINANCIAL STATEMENTS

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 14,999,278
1120 Current Investments	69,477,291
1220 Property Taxes - Delinquent	2,026,428
1230 Allowance for Uncollectible Taxes	(101,321)
1240 Due from Other Governments	3,355,765
1290 Other Receivables, Net	1,210,542
1300 Inventories	76,881
1410 Prepayments	70,627
Capital Assets:	
1510 Land	9,326,942
1520 Buildings and Improvements, Net	31,649,216
1530 Furniture and Equipment, Net	2,234,431
1550 Right-to-Use Leased Assets, Net	316,358
1553 SBITA Assets, Net	99,762
1580 Construction in Progress	48,253,368
1000 Total Assets	182,995,568
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	5,445,725
1706 Deferred Outflow Related to TRS OPEB	1,742,692
1700 Total Deferred Outflows of Resources	7,188,417
LIABILITIES	
2110 Accounts Payable	7,902,771
2140 Interest Payable	1,390,021
2150 Payroll Deductions and Withholdings	332,482
2160 Accrued Wages Payable	3,333,282
2180 Due to Other Governments	16,657,030
2300 Unearned Revenue	307,207
Noncurrent Liabilities:	
2501 Due Within One Year: Bonds, Leases, SBITAs, etc. Due in More than One Year:	3,505,123
2502 Bonds, Leases, SBITAs, etc.	83,445,682
2540 Net Pension Liability (District's Share)	12,883,788
2545 Net OPEB Liability (District's Share)	5,698,272
2000 Total Liabilities	135,455,658
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Resource Inflow of Lease Receivable	1,111,376
2605 Deferred Inflow Related to TRS Pension	562,149
2606 Deferred Inflow Related to TRS OPEB	8,960,615
2600 Total Deferred Inflows of Resources	10,634,140
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	41,197,373
3820 Restricted for Federal and State Programs	1,169,357
3850 Restricted for Debt Service	2,913,020
3900 Unrestricted	(1,185,563)
3000 Total Net Position	\$ 44,094,187

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

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11	\$ 22,617,609	\$ -	\$ 2,743,734	\$ (19,873,875)
12	363,990	-	60,396	(303,594)
13	249,848	-	110,970	(138,878)
21	1,369,470	-	48,276	(1,321,194)
23	2,004,635	-	5,954	(1,998,681)
31	2,245,260	-	671,890	(1,573,370)
32	171,865	-	81,906	(89,959)
33	455,751	-	44,102	(411,649)
34	1,196,256	-	(615)	(1,196,871)
35	2,287,459	769,335	1,354,764	(163,360)
36	2,183,310	490,889	(15,252)	(1,707,673)
41	1,688,750	21,467	(406)	(1,667,689)
51	4,657,294	91,397	(3,152)	(4,569,049)
52	485,978	-	338,225	(147,753)
53	844,303	4,174	(3,990)	(844,119)
61	610,333	186,173	49,600	(374,560)
72	3,471,292	-	-	(3,471,292)
73	5,953	-	-	(5,953)
81	904,567	-	-	(904,567)
91	15,993,118	-	-	(15,993,118)
92	33,000	-	-	(33,000)
93	1,397,787	1,809,772	116,056	528,041
99	736,018	-	-	(736,018)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 65,973,846</u>	<u>\$ 3,373,207</u>	<u>\$ 5,602,458</u>	<u>(56,998,181)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			45,195,615
DT	Property Taxes, Levied for Debt Service			7,167,506
SF	State Aid - Formula Grants			1,199,208
GC	Grants and Contributions not Restricted			3,250,287
IE	Investment Earnings			5,161,850
MI	Miscellaneous Local and Intermediate Revenue			1,384,151
TR	Total General Revenues			<u>63,358,617</u>
CN	Change in Net Position			6,360,436
NB	Net Position - Beginning			<u>37,733,751</u>
NE	Net Position - Ending			<u>\$ 44,094,187</u>

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

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 14,280,555	\$ 7,352	\$ -
1120 Investments - Current	22,127,880	2,613,411	43,429,668
1220 Property Taxes - Delinquent	1,826,009	200,419	-
1230 Allowance for Uncollectible Taxes	(91,300)	(10,021)	-
1240 Due from Other Governments	1,386,511	292,257	-
1260 Due from Other Funds	1,305,463	-	-
1290 Other Receivables	75,718	-	-
1300 Inventories	39,313	-	-
1410 Prepayments	68,329	-	-
1000 Total Assets	<u>\$ 41,018,478</u>	<u>\$ 3,103,418</u>	<u>\$ 43,429,668</u>
LIABILITIES			
2110 Accounts Payable	\$ 486,350	\$ -	\$ 7,161,567
2150 Payroll Deductions and Withholdings Payable	298,082	-	-
2160 Accrued Wages Payable	2,583,593	-	-
2170 Due to Other Funds	157,608	-	-
2180 Due to Other Governments	16,657,030	-	-
2300 Unearned Revenue	256,600	-	-
2000 Total Liabilities	<u>20,439,263</u>	<u>-</u>	<u>7,161,567</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,734,709	190,398	-
2600 Total Deferred Inflows of Resources	<u>1,734,709</u>	<u>190,398</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	39,313	-	-
3430 Prepaid Items	68,329	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	36,268,101
3480 Retirement of Long-Term Debt	-	2,913,020	-
Committed Fund Balance:			
3510 Construction	5,500,000	-	-
3545 Other Committed Fund Balance	3,600,000	-	-
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	394,710	-	-
3600 Unassigned Fund Balance	9,242,154	-	-
3000 Total Fund Balances	<u>18,844,506</u>	<u>2,913,020</u>	<u>36,268,101</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 41,018,478</u>	<u>\$ 3,103,418</u>	<u>\$ 43,429,668</u>

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

Other Funds	Total Governmental Funds
\$ 711,371	\$ 14,999,278
1,306,332	69,477,291
-	2,026,428
-	(101,321)
1,676,997	3,355,765
-	1,305,463
109	75,827
37,568	76,881
2,298	70,627
<u>\$ 3,734,675</u>	<u>\$ 91,286,239</u>
\$ 254,854	\$ 7,902,771
34,400	332,482
749,689	3,333,282
1,147,855	1,305,463
-	16,657,030
50,607	307,207
<u>2,237,405</u>	<u>29,838,235</u>
-	1,925,107
-	1,925,107
37,568	76,881
-	68,329
1,169,357	1,169,357
-	36,268,101
-	2,913,020
-	5,500,000
290,345	3,890,345
-	394,710
-	9,242,154
<u>1,497,270</u>	<u>59,522,897</u>
<u>\$ 3,734,675</u>	<u>\$ 91,286,239</u>

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2024

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 59,522,897
Capital assets, Right-to-Use Lease and SBITA Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$102,053,100 and the accumulated depreciation was (\$53,464,106). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.	(42,382,731)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position. Similarly, the principal payments on Right-to-Use Lease Assets and SBITA Assets are not expenses, rather they are decreases in the Right-to-Use Lease Liabilities and the SBITA Liabilities. These payments must be reclassified and shown as reductions to these liabilities increasing Net Position.	50,488,119
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$5,445,725, a deferred resource inflow in the amount of \$562,149, and a net pension liability in the amount of \$12,883,788. This resulted in a decrease in net position.	(8,000,212)
Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$1,742,692, a deferred resource inflow in the amount of \$8,960,615, and a net OPEB liability in the amount of \$5,698,272. This resulted in a decrease in net position.	(12,916,195)
The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. Please note this includes the amortization on right-to-use lease and SBITA assets.	(3,279,374)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of leases and SBITAs as an increase in leases and SBITAs payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	661,683
Net Position of Governmental Activities	\$ 44,094,187

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

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 48,532,661	\$ 7,306,120	\$ 3,511,546
5800 State Program Revenues	3,493,664	369,924	-
5900 Federal Program Revenues	585,907	-	-
5020 Total Revenues	<u>52,612,232</u>	<u>7,676,044</u>	<u>3,511,546</u>
EXPENDITURES:			
Current:			
0011 Instruction	17,612,495	-	502,595
0012 Instructional Resources and Media Services	237,895	-	-
0013 Curriculum and Instructional Staff Development	104,812	-	-
0021 Instructional Leadership	835,507	-	-
0023 School Leadership	1,867,248	-	-
0031 Guidance, Counseling, and Evaluation Services	929,258	-	-
0032 Social Work Services	79,397	-	-
0033 Health Services	381,898	-	-
0034 Student (Pupil) Transportation	1,084,347	-	512,785
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,865,467	-	-
0041 General Administration	1,562,460	-	-
0051 Facilities Maintenance and Operations	4,349,699	-	52,202
0052 Security and Monitoring Services	367,947	-	-
0053 Data Processing Services	803,770	-	-
0061 Community Services	505,066	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	278,072	3,740,000	-
0072 Interest on Long-Term Liabilities	8,205	3,571,156	-
0073 Bond Issuance Cost and Fees	-	5,953	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,549,058	-	43,818,535
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	15,993,118	-	-
0092 Incremental Costs Associated with Chapter 41	33,000	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	1,275,731	-	-
0099 Other Intergovernmental Charges	736,018	-	-
6030 Total Expenditures	<u>52,460,468</u>	<u>7,317,109</u>	<u>44,886,117</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	151,764	358,935	(41,374,571)
OTHER FINANCING SOURCES (USES):			
7913 Right-to-Use Lease and SBITA Proceeds	205,168	-	-
1200 Net Change in Fund Balances	356,932	358,935	(41,374,571)
0100 Fund Balance - July 1 (Beginning)	18,487,574	-	77,642,672
1300 Change from Nonmajor to Major Fund	-	2,554,085	-
3000 Fund Balance - June 30 (Ending)	<u>\$ 18,844,506</u>	<u>\$ 2,913,020</u>	<u>\$ 36,268,101</u>

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

	Other Funds	Total Governmental Funds
\$	2,903,501	\$ 62,253,828
	926,206	4,789,794
	5,278,941	5,864,848
	9,108,648	72,908,470
	3,973,579	22,088,669
	107,354	345,249
	128,879	233,691
	467,092	1,302,599
	47,426	1,914,674
	1,200,480	2,129,738
	83,296	162,693
	52,370	434,268
	20,454	1,617,586
	2,588,352	2,588,352
	218,426	2,083,893
	29,187	1,591,647
	59,227	4,461,128
	338,225	706,172
	4,575	808,345
	57,722	562,788
	4,464	4,022,536
	515	3,579,876
	-	5,953
	34,899	45,402,492
	-	15,993,118
	-	33,000
	122,056	1,397,787
	-	736,018
	9,538,578	114,202,272
	(429,930)	(41,293,802)
	-	205,168
	(429,930)	(41,088,634)
	4,481,285	100,611,531
	(2,554,085)	-
\$	1,497,270	\$ 59,522,897

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2024

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (41,088,634)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase the change net position. Similarly, current year principal payments on Right-to-Use Leases and SIBTAs are also reclassified as reductions to the Right-To-Use Lease Liability and the SBITA liability which will result in an increase in the change in Net Position.	50,488,119
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position. Please note this includes the amortization on the right-to-use lease and SBITA assets.	(3,279,374)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of leases and SBITAs, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.	137,085
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$858,500. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$804,405. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,374,674. The net result is a decrease in the change in net position.	(1,320,579)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$187,520. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$186,651. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$1,422,950. The net result is an increase in the change in net position.	1,423,819
Change in Net Position of Governmental Activities	\$ <u>6,360,436</u>

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

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	836-849 Investment Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 64,011	\$ 110,091
Investments - Current	497,979	-
Other Receivables	1,986	-
Restricted Assets	56,589	-
Total Assets	620,565	\$ 110,091
NET POSITION		
Expendable Endowment	563,976	-
Nonexpendable Endowment	56,589	-
Restricted for Other Purposes	-	110,091
Total Net Position	\$ 620,565	\$ 110,091

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

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	836-849 Investment Trust Fund	Custodial Fund
ADDITIONS:		
Extracurricular Activities Other than Athletics	\$ -	\$ 100,065
Earnings from Temporary Deposits	28,847	-
Contributions, Gifts and Donations	75,506	-
Total Additions	<u>104,353</u>	<u>100,065</u>
DEDUCTIONS:		
Professional and Contracted Services	2,090	2,502
Supplies and Materials	-	8,427
Other Deductions	56,076	107,609
Total Deductions	<u>58,166</u>	<u>118,538</u>
Change in Fiduciary Net Position	46,187	(18,473)
Total Net Position - July 1 (Beginning)	<u>574,378</u>	<u>128,564</u>
Total Net Position - June 30 (Ending)	<u><u>\$ 620,565</u></u>	<u><u>\$ 110,091</u></u>

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Board of Trustees (the Board), a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and it has the exclusive power and duty to govern and oversee the management of the District. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

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

B. BASIS OF ACCOUNTING AND PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Fredericksburg Independent School District nonfiduciary activities with most of the interfund activities removed. Governmental Activities, which normally are supported by taxes, state foundation funds, grants, and other intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (i.e., internal service funds are considered governmental activities and not business-type activities). The District currently has no business-type activities.

These government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or Statement of Net Position. Bond issue costs are expensed when incurred. Bond premiums, discounts, and other related items are deferred and amortized over the life of the bonds. Interest payable on capital appreciation bonds is recognized as an increase in long-term debt and an increase in interest expense as accreted.

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



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

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

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. Major governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of property taxes. Amounts have been recorded for property tax revenues collected through June 30, 2024. State revenues are recognized under the susceptible-to-accrual concept.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

In the fund financial statements, governmental fund types recognize bond issuance transactions in the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating. The District has no such funds.

C. GOVERNMENTAL FUND TYPES

The District reports the following major governmental funds:

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

Debt Service Fund – This fund is used to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which tax has been dedicated. This is a budgeted fund and any

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



unused sinking fund balances will be transferred to the general fund after all of the related debt obligations have been met.

Capital Projects Fund – This governmental fund is established to account for proceeds, on a modified accrual basis, from the sale of bonds and other resources to be used for Board-authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the debt service fund and are used to retire related bond principal.

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

Governmental Funds:

1. **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 periods.

The food service fund is the only required budgeted special revenue fund. For all other funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds. The District's food service fund is considered a special revenue fund since it meets the following criteria: (1) user fees are charged to supplement the National School Lunch Program (NSLP), (2) the general fund subsidizes the food service program for all expenditure in excess of NSLP, and (3) the District does not consider the food service program completely self-supporting. Food service fund balances, if any, are used exclusively for child nutrition program purposes.

Fiduciary Funds:

1. **Private Purpose Trust Funds** - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the scholarship fund.
2. **Custodial Funds** - The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the Student Activity Account.

D. FUND BALANCE POLICY

Fredericksburg Independent School District adopted GASB Statement 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable- The nonspendable classification represents assets that will be consumed or "must be maintained in tact" and therefore will never convert to cash, such as inventories of supplies and endowments.

Restricted- Provisions of laws, contracts, and grants specify how fund resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board of Trustees.

Committed- From time to time, the Board of Trustees may commit fund balances by a majority vote in a scheduled meeting. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the district does not have. Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions and other purposes determined by the Board.

Assigned- The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

Unassigned- Amounts not included in other spendable classifications.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances first.

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged in that same order.

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Totals
Non-Spendable:					
Inventories	\$ 39,313	\$ -	\$ -	\$ 37,568	\$ 76,881
Prepaid Items	68,329	-	-	-	68,329
Restricted For:					
School Nutrition	-	-	-	1,169,357	1,169,357
Bond Capital Projects	-	-	36,268,101	-	36,268,101
Debt Service	-	2,913,020	-	-	2,913,020
Committed To:					
Construction	5,500,000	-	-	-	5,500,000
Future Salary Needs	3,600,000	-	-	-	3,600,000
Campus Activity Fund	-	-	-	290,345	290,345
Assigned	394,710	-	-	-	394,710
Unassigned	9,242,154	-	-	-	9,242,154
Total Fund Balance	\$ 18,844,506	\$ 2,913,020	\$ 36,268,101	\$ 1,497,270	\$ 59,522,897

E. NET POSITION ON THE STATEMENT OF NET POSITION

Net Position on the Statement of Net Position include the following:

Net Investment in Capital Assets- this component of net position represents the difference between capital assets less both the accumulated depreciation and the outstanding balances of debt, excluding any unspent bonds proceeds that are directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Federal and State Programs- this component of net position represents assets and liabilities of the child nutrition special revenue funds that consist of assets with constraints placed on their use by the state.

Restricted for Debt Service- this component of net position represents the difference between the assets and liabilities of the debt service fund that consists of assets with constraints placed on their use by creditors.

Unrestricted- the difference between assets and liabilities that is not reported in Net Investment in Capital Assets or Restricted Net Position.

F. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. See Section III, Note A for more details.
2. Temporary investments that have a remaining maturity at the time of purchase of one year or less are valued at amortized cost because the fair value of the investments generally is not affected by the impairment of the credit standing of the issuer or by other factors. Investments are valued at fair value.
3. The District reports inventories of General Fund supplies at cost including consumable paper and fuel. Supplies are recorded as expenditures when they are consumed. Inventories of School Nutrition food commodities are recorded at market values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as commodity expenditures and commodity revenue when received. At year end, the inventory balance and unearned income/deferred revenue is recorded.
4. Unearned revenue accounted for on the balance sheet of the general fund relates to excess funds received from the Texas Education Agency over earned amounts.
5. The District provides risk management obligations by carrying appropriate insurance. Property and

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



general liability insurance is obtained from a licensed insurer. Risk of loss is not retained by the District.

- 6. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- 7. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Material bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- 8. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government.
- 9. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Asset Type</u>	<u>Years</u>	<u>Asset Type</u>	<u>Years</u>
Buildings	30	Other Equipment	5 to 7
Improvements	5 to 30	Computer Equipment	5
Buses	10	Office Equipment	5
Other Vehicles	5 to 7	Computer Software	3

- 10. In the fund financial statements, governmental funds report restricted and committed fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.
- 11. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide database for policy development and funding plans.
- 12. *Pensions*. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- 13. *Other Post-Employment Benefits (OPEB)* The fiduciary net position of the Teacher Retirement System of

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



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

14. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows of resources consist of deferred charges for pension contributions made after the measurement date of August 31, 2023 and during the District's current reporting period, differences between the expected and actual economic experience in the pension plan and changes in actuarial assumptions.
15. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. In the government wide financial statements, the District reports the deferred inflows for pension for the District's proportionate share of the deferred inflow for the difference between the projected and actual investment earnings in the pension plan.
16. **GASB Statement No. 87.** As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The disclosures required by this standard are included in Note J.
17. **GASB Statement No. 96.** As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The standard requires recognition of right-to-use subscription assets and liabilities for SBITAs that previously were classified as operating expenditures based on the payment provisions of the contract. The disclosures required by this standard are included in Note K.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3.

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

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

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

June 30, 2024 Fund Balance	
Appropriated Budget Funds	
Food Service Special Revenue Fund	\$ 1,191,441
Nonappropriated Budget Fund	305,829
All Special Revenue Funds	\$ 1,497,270

B. VARIANCES FROM FINAL ADOPTED BUDGET

Budgets are required to be adopted for the General Fund, the School Nutrition Fund, and the Debt Service Fund. Original and Final Budgets are compared with the actual amounts at fiscal year-end. Variances with the final budget are noted.

1. The General Fund is analyzed in Exhibit G-1. Revenue variance was negative and expenditure variance was positive.
2. The School Nutrition Fund is analyzed in Exhibit J-2. Revenue variance was positive and expenditures variance was positive.
3. The Debt Service Fund is analyzed in Exhibit J-3. Revenue variance was negative and expenditures variance was positive.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal Contractual Provision Governing Deposits

Custodial Credit Risk for Deposits: This is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The District’s policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by an agent. At year end, the District’s deposits were not exposed to custodial credit risk.

At June 30, 2024, the carrying amount of the District’s deposits was \$15,172,082 and the bank balance was \$15,808,609.

Investments

The District is required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (PFIA), to adopt and implement an investment policy. That policy must address the following areas: safety of principal and liquidity, portfolio diversification, allowable investments, acceptable risk levels, expected rates of return, maximum allowable stated maturity of portfolio investments, maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, investments staff quality and capabilities, and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in obligations of the U.S. Treasury, certain U.S. agencies and the State of Texas, certificates of deposit, certain municipal securities, and money market guaranteed investment contracts. The PFIA also requires the District to have independent auditors perform test procedures related to investment practices as provided by the PFIA. The District is in substantial compliance with the requirements of the PFIA and with local policies.

The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791,

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to:

1. Have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool.
2. Maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service, and
3. Maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

Presented below is the percentage invested for each short term investment, the fair value as of June 30, 2024 (Exhibit C-1 & E-1), the investment rating and the minimum rating required by the Act.

Description	Percentage Invested	Fair Value \$	Investment Rating	Minimum Legal Rating
LOGIC Pool	5%	3,729,209	AAA	AAA
Texas Class Pool	11%	7,999,987	AAA	AAA
Lone Star Pool	42%	29,086,084	AAA	AAA
Texas Range Pool	42%	29,159,990	AAA	AAA
Totals	100%	\$ 69,975,270		

The District’s investments in investment pools, which are exempt from regulation by the SEC, provides for the objectives for safety, flexibility, and competitive yields. Most of the pools have the objective of a net asset value of \$1.00 wherein the book value of the position in the pools is the same as the number of the shares in each pool; the market value of a share should approximately equal the book value of a share. The District utilizes the pools described below.

LOGIC (Local Government Investment Cooperative) is established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. Logic funds allow shareholders the ability to deposit or withdraw funds daily. Interest rates are adjusted daily, and the fund seeks to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. Logic is rated AAAM and must maintain a weighted average maturity not to exceed 60 days. The District considers the holdings in these funds to have a one-day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value. On June 30, 2024, the weighted average maturity was 40 days and the net asset value was .999615.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) is a Local Government Investment Pool established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Texas CLASS is administered by Public Trust Advisors, LLC and UMB Bank, N.A. provides custody and valuation services to Texas CLASS. Texas CLASS is rated AAA by Standard and Poor's and seeks to maintain a net asset value of \$1.00 and its dollar-weighted average maturity is 120 days or fewer. On June 30, 2024, the average weighted maturity was 80 days.

The Lonestar Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with American Beacon Advisors and Mellon Investments Corporation managing the investment and reinvestment on Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and seeks to maintain a net asset value of \$1.00 and its dollar-weighted average maturity is 120 days or fewer. On June 30, 2024, the weighted average maturity was 80 days.

The TexasTERM Local Government Investment Pool, now doing business as the Texas Range Investment Program (Texas Range) is a Local Government Investment Pool established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Texas Range is directed by PFM Asset Management LLC and U.S. Bank, N.A. provides custody and valuation services to Texas Range. Texas Range is rated AAA by Fitch’s Fund Rating and seeks to maintain a net asset value of \$1.00 and its dollar-weighted average maturity is 120 days or fewer. On June 30, 2024, the average weighted maturity was 31 days.

Fair Value Investments – Investment Trust Fund

Fredericksburg Independent School District
Notes to the Financial Statements
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The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GASB Statement No. 72, Fair Value Measurement and Application). 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.

The District has the following recurring fair value measurements as of June 30, 2024:

- Stock securities of \$56,589 are valued using quoted market prices (Level 1 inputs)

Policies Governing Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit and investment policy. That policy does address the following risks:

Custodial Credit Risk for Investments:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2024, the District was not exposed to custodial credit risk.

Concentration of Credit Risk:

The District places no limit on the amount it may invest in any one issuer; rather, investments are governed by the objectives of preservation and safety of principal, liquidity, and yield. Investment in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represents a concentration risk. At June 30, 2024, all of the District's investments are in external investment pools, and as such, the District has no risk.

Interest Rate Risk:

Generally, interest rate risk recognizes that changes in interest rates could adversely affect the value of investments. The District does not purchase any investments with maturities greater than one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment within the legal limits of five (5) years. The District uses its investments in the investment pools to mitigate interest rate risk.

Foreign Currency Risk: Not applicable.

B. DONOR RESTRICTED ENDOWMENTS

The District was gifted a donor restricted endowment by Richard and Maxie Hoerster in the name of their daughter Glenda Hoerster for higher education scholarships and recorded in the Investment Trust Fund. The endowment trust document requires two awards annually with approximately 80% of the net earnings of the endowment to be annually awarded as the Annual Glenda Hoerster Memorial Award, and approximately 20% of the net earnings of the endowment to be awarded annually as the Annual Friends of Glenda Hoerster Memorial Award. The trust documents state the preference for the scholarship awards should be for graduating senior girls. At the fiscal year end (June 30, 2024) the endowment balance in the Investment Trust Fund was \$56,589.

The endowment is in compliance with Sec. 163.005 of the Local Government Code. The endowment is a true endowment and reported as nonexpendable in net position of the Investment Trust Fund.

C. PROPERTY TAXES

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

D. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy.

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

E. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consisted of the following at June 30, 2024:

Due from State- Foundation Payments	\$	315,111
Due from State- Available School Fund		931,742
Due from State- Reimbursements		408,698
Due from Federal- Reimbursements		1,422,192
Due from SSA Districts		153,655
Due from Appraisal District		124,367
	\$	<u>3,355,765</u>

F. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances (Exhibit C-1) as of June 30, 2024 is as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,305,463	\$ 157,608
Nonmajor Governmental Funds	-	1,147,855
TOTAL	\$ <u>1,305,463</u>	\$ <u>1,305,463</u>

All interfund balances resulted from time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occurs, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

G. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2024 were as follows:

	Property Taxes	Other Governments	Other	Total Receivables
Governmental Activities:				
General Fund	\$ 1,826,009	\$ 1,386,511	\$ 75,718	\$ 3,288,238
Debt Service Fund	200,419	292,257	-	492,676
Capital Projects Fund	-	-	-	-
Nonmajor Governmental Funds	-	1,676,997	109	1,677,106
Total Governmental Activities	\$ <u>2,026,428</u>	\$ <u>3,355,765</u>	\$ <u>75,827</u>	\$ <u>5,458,020</u>
Amounts not scheduled for collection during the subsequent year	\$ <u>101,321</u>	\$ -	\$ -	\$ <u>101,321</u>

Payables at June 30, 2024 were as follows:

Fredericksburg Independent School District
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	Accounts Payable	Salaries and Benefits	Due to Other Governments	Total Payables
Governmental Activities:				
General Fund	\$ 486,350	\$ 2,881,675	\$ 16,657,030	\$ 20,025,055
Debt Service Fund	-	-	-	-
Capital Projects Fund	7,161,567	-	-	7,161,567
Nonmajor Governmental Funds	254,854	784,089	-	1,038,943
Total Governmental Activities	<u>\$ 7,902,771</u>	<u>\$ 3,665,764</u>	<u>\$ 16,657,030</u>	<u>\$ 28,225,565</u>
Amounts not scheduled for payment during the subsequent year				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

H. CAPITAL ASSET ACTIVITY

Capital asset activity (Exhibit A-1) for the District for the year ended June 30, 2024 was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Non-depreciable Assets:				
Land	\$ 9,034,448	\$ 292,494	\$ -	\$ 9,326,942
Construction in Progress	6,171,254	42,352,985	(270,871)	48,253,368
Depreciable Assets:				
Buildings & Improvements	74,054,104	2,393,318	(1,033,638)	75,413,784
Furniture & Equipment	12,014,596	1,697,657	(250,471)	13,461,782
Totals at Historic Cost	<u>101,274,402</u>	<u>46,736,454</u>	<u>(1,554,980)</u>	<u>146,455,876</u>
Less: Accumulated Depreciation For:				
Buildings & Improvements	(42,294,064)	(2,403,848)	933,344	(43,764,568)
Furniture & Equipment	(10,864,558)	(613,264)	250,471	(11,227,351)
Total Accumulated Depreciation	<u>(53,158,622)</u>	<u>(3,017,112)</u>	<u>1,183,815</u>	<u>(54,991,919)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 48,115,780</u>	<u>\$ 43,719,342</u>	<u>\$ (371,165)</u>	<u>\$ 91,463,957</u>
Right-to-Use Leased & SBITA Assets Being Amortized				
Leased Equipment	\$ 529,018	\$ 181,182	\$ (101,937)	\$ 608,263
SBITA	249,680	23,986	(37,589)	236,077
Total Right-to-Use Leased & SBITA Assets	<u>\$ 778,698</u>	<u>\$ 205,168</u>	<u>\$ (139,526)</u>	<u>\$ 844,340</u>
Less accumulated amortization				
Leased Equipment	\$ (234,358)	\$ (159,484)	\$ 101,937	\$ (291,905)
SBITA	(71,126)	(102,778)	37,589	(136,315)
Total Accumulated Amortization	<u>\$ (305,484)</u>	<u>\$ (262,262)</u>	<u>\$ 139,526</u>	<u>\$ (428,220)</u>
Total Right-to-Use Leased & SBITA Asset Being Amortized, Net	<u>\$ 473,214</u>	<u>\$ (57,094)</u>	<u>\$ -</u>	<u>\$ 416,120</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,588,994</u>	<u>\$ 43,662,248</u>	<u>\$ (371,165)</u>	<u>\$ 91,880,077</u>
		Furniture & Equipment		
Asset Value	\$ 75,413,784	\$ 13,461,782		
Depreciation	(43,764,568)	(11,227,351)		
Assets, net value (Exhibit A-1)	<u>\$ 31,649,216</u>	<u>\$ 2,234,431</u>		

Fredericksburg Independent School District
Notes to the Financial Statements
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Depreciation expense totaling \$3,017,112 was charged to governmental functions as follows:

Function	Amount	Function	Amount
Instruction	1,555,690	Student (Pupil) Transportation	114,188
Instructional Resources	24,358	School Nutrition	182,534
Curriculum	16,483	Co-curricular/Extracurricular Activities	138,699
Instructional Leadership	92,711	General Administration	109,597
School Leadership	135,111	Plant Maintenance & Operations	314,909
Guidance, Counseling & Evaluation	150,247	Security	49,809
Social Work Services	11,478	Data Processing	49,712
Health Services	30,641	Community Services	40,945

Amortization expense totaling \$262,262 was charged to the District's functions as follows:

Function	Amount	Function	Amount
Instruction	94,139	Community Services	15,928
Instructional Leadership	2,800		
General Administration	18,795		
Data Processing Services	130,600		

I. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the Statement of Net Position (Exhibit A-1) in the government-wide financial statements. Current year payments for principal and interest expenditures are accounted for in the Debt Service Fund in the Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit C-3) in the fund financial statements. All bonds issued for governmental activity purposes are liquidated by the debt service fund. A summary of changes in general long-term debt for the year ended June 30, 2024 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Amounts Outstanding 7/1/2023	Issued	Retired	Amounts Outstanding 6/30/2024
School Tax Bonds - 2015	1.05-6.8%	\$ 7,500,000	\$ 104,703	\$ 3,780,000	\$ -	\$ 940,000	\$ 2,840,000
School Tax Bonds - 2016	1.81%	\$ 9,000,000	89,143	4,925,000	-	375,000	4,550,000
Refunding Bond- 2019	1.80%	\$ 6,135,000	37,710	2,095,000	-	665,000	1,430,000
School Tax Bonds - 2022	4.00-5.00%	\$ 77,820,000	3,339,600	74,920,000	-	1,760,000	73,160,000
			\$ 3,571,156	\$ 85,720,000	\$ -	\$ 3,740,000	\$ 81,980,000

Debt service requirements are as follows:

Year Ended	Principal	Interest	Total Requirements
June 30			
2025	\$ 3,280,000	\$ 3,431,917	\$ 6,711,917
2026	2,530,000	3,307,490	5,837,490
2027	2,615,000	3,221,154	5,836,154
2028	2,650,000	3,133,827	5,783,827
2029	2,660,000	3,041,635	5,701,635
2030-2034	11,215,000	13,863,892	25,078,892
2035-2039	12,065,000	11,286,100	23,351,100
2040-2044	14,400,000	8,676,500	23,076,500
2045-2049	17,955,000	4,949,900	22,904,900
2050-2052	12,610,000	1,021,200	13,631,200
	\$ 81,980,000	\$ 55,933,615	\$ 137,913,615

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2024.

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



Defeasance of Debt

On June 27, 2024, the District defeased certain obligations by placing cash of \$690,000 in a trust account with Broadway National Bank, the escrow agent for the defeasance. The cash has been irrevocably pledged to the payment of the outstanding bonds. The escrow agent has not been authorized to substitute assets that are not essentially risk-free in the trust portfolio. Principal and interest from the cash have been deemed sufficient to retire the principal on the outstanding balance of the Unlimited Tax School Building Bond, Series 2015. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024, \$690,000 of the bond remained outstanding and are considered defeased. This early redemption saved the District \$108,596 in interest over the next six years.

J. LEASES PAYABLE

As of July 1, 2021, the District had a 56 month lease agreement with Ricoh Company, Ltd for copiers. An initial lease liability was recorded in the amount of \$234,165. The District is required to make monthly fixed lease payment of \$4,232. The lease has an interest rate of 0.5270%. The value of the right to use asset as of June 30, 2024 was \$234,165 with accumulated amortization of \$150,534.

On May 3, 2022, the District entered into a 60 month lease agreement with Dell for a data protection appliance. An initial lease liability was recorded in the amount of \$77,693. The District is required to make annual fixed lease payment of \$16,296. The lease has an interest rate of 2.1570%. The value of the right to use asset as of June 30, 2024 was \$77,693 with accumulated amortization of \$32,632.

On May 25, 2022, the District entered into a 60 month lease agreement with Dell for the use of a server. An initial lease liability was recorded in the amount of \$109,163. The District is required to make annual fixed lease payments of \$22,828. The lease has an interest rate of 2.1570%. The value of the right to use asset as of June 30, 2024 was \$109,163 with accumulated amortization of \$45,849.

On October 18, 2022, the District entered into a 41 month lease agreement with Ricoh for use of additional copiers. An initial lease liability was recorded in the amount of \$6,060. The District is required to make monthly fixed payments of \$153. The lease has an interest rate of 0.5270%. The value of the right to use asset as of June 30, 2024 was \$6,060 with accumulated amortization of \$3,063.

On September 20, 2023, the District entered into a 24 month lease agreement with Dell for SonicWall. An initial lease liability was recorded in the amount of \$135,032. The District is required to make annual fixed payments of \$68,525. The lease has an interest rate of 3.0180%. The value of the right to use asset as of June 30, 2024 was \$135,032 with accumulated amortization of \$52,700.

On December 12, 2023, the District entered into a 36 month lease agreement with Ricoh for additional copiers. An initial lease liability was recorded in the amount \$26,579. The District is required monthly fixed payments of \$801. The lease has an interest rate of 3.6310%. The value of the right to use asset as of June 30, 2024 was \$26,579 with accumulated amortization of \$4,897.

On February 28, 2024, the District entered into a 36 month lease agreement with Ricoh for additional copiers. An initial lease liability was recorded in the amount of \$19,571. The District is required to make monthly fixed payments of \$580. The lease has an interest rate of 2.4260%. The value of the right to use asset as of June 30, 2024 was \$19,571 with accumulated amortization of \$2,230.

Schedule of changes in leases payable is as follows:

<u>Leases:</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:						
Dell-SonicWall	0.218%	\$ 33,994	\$	\$ 33,994	\$ -	\$ -
Ricoh-Copiers	0.527%	134,454		50,199	84,255	50,464
Dell- Data Protection Appliance	2.157%	61,816		14,963	46,853	15,286
Dell-Server	2.157%	86,591		20,960	65,631	21,412
Additional Ricoh-Copiers	0.527%	4,855		1,813	3,042	1,822
Dell- SonicWall	3.018%	-	135,032	68,514	66,518	66,518
Ricoh- FES, FHS, FMS, STW	3.631%	-	26,579	4,359	22,220	8,959
Ricoh-COOP/Athletics	2.426%	-	19,571	2,167	17,404	6,609
Total Governmental Activities		\$ 321,710	\$ 181,182	\$ 196,969	\$ 305,923	\$ 171,070

Fredericksburg Independent School District
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Remaining obligations associated with leases are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2025	\$ 171,070	\$ 5,774	\$ 176,844
2026	88,559	2,218	90,777
2027	46,294	895	47,189
	<u>\$ 305,923</u>	<u>\$ 8,887</u>	<u>\$ 314,810</u>

K. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS PAYABLE

As of July 1, 2022, the District had a 24 month subscription with Blackboard Inc. for a web community manager. An initial subscription liability was recorded in the amount of \$32,477. The District is required to make annual fixed payments in the amount of \$16,414. The subscription has an interest rate of 2.024%. At June 30, 2024, the value of the right to use asset was \$32,477 with accumulated amortization of \$31,856.

As of July 1, 2022, the District had a 50 month subscription agreement with TestHound for a test enablement software. An initial subscription liability was recorded in the amount of \$11,668. The District is required to make annual payments of \$3,000. The subscription has an interest rate of 1.710%. The value of the right to use asset as of June 30, 2024 was \$11,668 with accumulated amortization of \$5,600.

As of July 1, 2022, the District had a 26 month subscription with SchoolLinks for use of a college & career readiness platform. An initial subscription liability was recorded in the amount of \$14,468. The District is required to make annual payments of \$11,213. The subscription has an interest rate of 2.024%. The value of the right to use asset as of June 30, 2024 was \$14,468 with accumulated amortization of \$13,354.

On July 28, 2022, the District entered into a 36 month subscription with Computer Solutions for the use of wireless access point equipment. An initial subscription liability was recorded in the amount of \$62,821. The District is required to make annual fixed payments of \$20,950. The subscription has an interest rate of 2.184%. The value of the right to use asset as of June 30, 2024 was \$62,821 with accumulated amortization of \$40,310.

On April 1, 2023, the District entered into a 36 month subscription for Microsoft licenses. An initial subscription liability was recorded in the amount of \$90,657. The District is required to make annual fixed payment of \$30,986. The subscription has an interest rate of 2.560%. The value of the right to use asset as of June 30, 2024 was \$90,657 with accumulated amortization of \$37,774.

On July 27, 2023, the District entered into a 36 month subscription agreement for the use of Ruckus cloud hosted software. An initial subscription liability was recorded in the amount of \$23,986. The District was required to make a one time payment of \$23,986. The subscription has an interest rate of 2.9010%. The value of the right to use asset as of June 30, 2024 was \$23,986 with accumulated amortization of \$7,421.

Schedule of changes in subscription-based information technology arrangements payable is as follows:

SBITAs:	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:						
PowerSchool LLC	2.024%	\$ 19,051	\$	\$ 19,051	\$ -	\$ -
Blackboard Inc	2.024%	16,089		16,089	-	-
TestHound	1.710%	8,701		2,851	5,850	2,900
SchoolLinks	2.024%	7,186		7,186	-	-
Computer Solutions	2.184%	43,451		20,940	22,511	20,941
Microsoft	2.560%	59,671		29,459	30,212	30,212
Ruckus- Cloudhost	2.901%	-	23,986	23,986	-	-
Total Governmental Activities		<u>\$ 154,149</u>	<u>\$ 23,986</u>	<u>\$ 119,562</u>	<u>\$ 58,573</u>	<u>\$ 54,053</u>

Remaining obligations associated with subscription-based information technology arrangements payable is as follows:

Fredericksburg Independent School District
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Year Ended June 30,	Principal	Interest	Total Requirements
2025	\$ 54,053	\$ 873	\$ 54,926
2026	4,520	50	4,570
	<u>\$ 58,573</u>	<u>\$ 923</u>	<u>\$ 59,496</u>

L. CHANGES IN LONG-TERM LIABILITIES

Long-term Governmental activity for bonds and other long-term liabilities for the year ended June 30, 2024, was as follows (Exhibit A-1):

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 85,720,000		\$ 3,740,000	\$ 81,980,000	\$ 3,280,000
Premium on Bonds	4,775,866		169,557	4,606,309	
Leases Payable	321,710	181,182	196,969	305,923	171,070
SBITA Payable	154,149	23,986	119,562	58,573	54,053
Net Pension Liability	10,394,666	2,489,122		12,883,788	
Net OPEB Liability	6,027,479		329,207	5,698,272	
Total Long-Term Liabilities	<u>\$ 107,393,870</u>	<u>\$ 2,694,290</u>	<u>\$ 4,555,295</u>	<u>\$ 105,532,865</u>	<u>\$ 3,505,123</u>

M. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

In accordance with GASB 16, Accounting for Compensated Absences, sick leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement.

The District's policy for vacation/non-duty days does not allow for accumulation. All available days must be used or lost yearly. Individuals may accumulate and carry over local sick leave up to sixty days. Any accumulation over sixty days is paid to the individual by June 30 at the end of the year. Upon leaving the employment of the district for any reason, local sick days remaining are lost except in certain circumstances. If an employee retires or resigns in good standing and provides ample notice, they will be paid by the end of June an amount equal to half of a sub pay rate for the number of unused local sick leave days that are equal to the number of unused state days up to a maximum of sixty days. State personal days carry forward indefinitely with the district and move as available days with an employee to other districts as required by State law. Payment is not made or required to be made for unused state days. Accordingly, no liability was incurred or recorded for any days.

N. DEFINED BENEFIT PENSION PLAN

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

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

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

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

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

	<u>Contribution Rates</u>	
	<u>2023</u>	<u>2024</u>
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
Fredericksburg ISD – Current Fiscal Year Employer Contributions		\$ 1,016,792
Fredericksburg ISD – Current Fiscal Year Member Contributions		\$ 2,212,551
Fredericksburg ISD - 2023 Measurement Year NECE On-behalf Contributions		\$ 1,313,913

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

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

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

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

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

Fredericksburg Independent School District
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Actuarial Assumptions. The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2019	4.13%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federal 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)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc Post Employment Benefit Changes	None

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent in fiscal year 2025 and thereafter. 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 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major class included in the System's target asset allocation as of August 31, 2023 are summarized below:

Fredericksburg Independent School District
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Asset Class	Target Allocation ⁽²⁾	Long-Term Expected Geometric Real Rate of Return ⁽³⁾	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity ⁽¹⁾	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return ⁽¹⁾	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources & Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity			
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag ⁽⁴⁾			-0.90%
Total	100%		8.00%

⁽¹⁾ Absolute Return includes a Credit Sensitive Investments.

⁽²⁾ Target allocations are based on the FY2023 policy model.

⁽³⁾ Capital Market Assumptions come from Aon Hewitt (as of 6/30/2023)

⁽⁴⁾ The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Fredericksburg's proportionate share of the net pension liability:	\$ 19,261,977	\$ 12,883,788	\$ 7,580,321

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the Fredericksburg Independent School District reported a liability of \$12,883,788 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the Fredericksburg Independent School District. The amount recognized by the Fredericksburg Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Fredericksburg Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$12,883,788
State's proportionate share that is associated with the District	<u>\$17,558,162</u>
Total	<u>\$30,441,950</u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

Fredericksburg Independent School District
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At August 31, 2023 the employer’s proportion of the collective net pension liability was .0187563291% which is an increase of .0012472907% from its proportion measured as of August 31, 2022.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year’s Net Pension Liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election and will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

For the year ended June 30, 2024, the Fredericksburg Independent School District recognized pension expense of \$4,830,210 and revenue of \$2,651,131 for support provided by the State.

At June 30, 2024, the Fredericksburg Independent School District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 459,054	\$ 156,009
Changes in actuarial assumptions	1,218,554	298,208
Difference between projected and actual investment earnings	1,874,904	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,034,713	107,932
Total as of August 31, 2023 measurement date	\$ 4,587,225	\$ 562,149
Contributions paid to TRS subsequent to the measurement date	858,500	-
Total as of fiscal year-end	\$ 5,445,725	\$ 562,149

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:

Fiscal year ended June 30,	Pension Expense Amount
2025	\$ 819,208
2026	632,446
2027	1,811,976
2028	646,475
2029	114,970
Thereafter	1

O. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

Plan Description. The Fredericksburg Independent School District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan 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 insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care’s fiduciary net position is available in the

Fredericksburg Independent School District
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separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at: https://www.trs.texas.gov/Pages/about_publications.aspx ; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public school district who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents not enrolled in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS- Care Monthly for Retirees			
		Medicare	Non- Medicare
Retiree*	\$	135	\$ 200
Retiree and Spouse		529	689
Retiree* and Children		468	408
Retiree and Family		1,020	999

**or surviving spouse*

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25 percent of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65 percent of salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school district. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee’s pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2023</u>	<u>2024</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%
Fredericksburg ISD- Current Fiscal Year Employer Contributions		\$224,740
Fredericksburg ISD- Current Fiscal Year Member Contributions		\$165,491
Fredericksburg ISD- 2023 Measurement Year NECE On-behalf Contributions		\$269,425

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS Care a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state’s actual obligation and then transferred to TRS-Care.

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions:

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The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on the established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Salary Increases	2.95% to 8.95%, including inflation
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 4.13 percent was used to measure the total OPEB liability. This was an increase of 0.22 percent in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
Fredericksburg ISD’s proportionate share of the Net OPEB Liability:	\$ 6,711,378	\$ 5,698,272	\$ 4,871,554

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2024, the Fredericksburg Independent School District reported a liability of \$5,698,272 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the Fredericksburg Independent School 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 Fredericksburg Independent School District were as follows:

Fredericksburg ISD’s Proportionate share of the collective Net OPEB Liability	\$ 5,698,272
State’s proportionate share that is associated with Fredericksburg ISD	<u>\$ 6,875,841</u>
Total	<u>\$12,574,113</u>

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer’s proportion of the Net OPEB Liability was based on the employer’s contributions to the OPEB plan relative to the

Fredericksburg Independent School District
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contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023 the employer's proportion of the collective Net OPEB Liability was 0.0257394237%, which was an increase 0.0005661956% from its proportion measured as of August 31, 2022.

Healthcare Cost Trend Rates Sensitivity Analysis. The following present the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Fredericksburg ISD's proportionate share of the Net OPEB Liability:	\$ 4,692,242	\$ 5,698,272	\$ 6,992,533

Changes Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability(TOL) since the prior measurement period:

- The single discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

For the year ended June 30, 2024, the Fredericksburg Independent School District recognized OPEB expense of \$(2,706,209) and revenue of \$(1,469,910) for support provided by the State.

At June 30, 2024, the Fredericksburg Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 257,804	\$ 4,794,017
Changes in actuarial assumptions	777,773	3,489,203
Difference between projected and actual investment earnings	2,462	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	517,133	677,395
Total as of August 31, 2023 measurement date	\$ 1,555,172	\$ 8,960,615
Contributions paid to TRS subsequent to the measurement date	187,520	-
Total	\$ 1,742,692	\$ 8,960,615

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

Fiscal year ended June 30,	OPEB Expense Amount
2025	\$ (1,673,958)
2026	\$ (1,412,606)
2027	\$ (1,058,776)
2028	\$ (1,154,799)
2029	\$ (920,671)
Thereafter	\$ (1,184,633)

P. MEDICARE PART D - ON BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive

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drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf to Fredericksburg Independent School District for fiscal years 2022, 2023 and 2024 were, \$100,822, \$128,571, and \$137,175 respectively.

Q. LITIGATION

The District is occasionally involved in various legal actions. Attorneys for the District indicate there is none as of June 30, 2024.

R. SIGNIFICANT 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 June 30, 2024 may be impaired. In the opinion of the District, there were no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The District entered into the following contracts for the 2022 Bond Project- Fredericksburg ISD New Middle School:

- In July of 2022, the District entered into a contract with Huckabee & Associates, Inc. The total contract is for \$4,044,749. The balance as of June 30, 2024 was \$490,577.
- In March of 2023, the District entered into a contract with Statterfield & Pontikes Construction, Inc. The total contract is for \$66,307,367. The balance as of June 30, 2024 was \$24,661,720.
- In February of 2022 the District entered into an agreement with Lockwood, Andrews & Newman, Inc. for project management services. The total agreement was for \$2,218,000. The balance as of June 30, 2024 was \$295,340.
- In June of 2023 the District entered into an agreement with EMA Engineering & Consulting, Inc. The total agreement and balance as of June 30, 2024 was \$46,500.

S. GENERAL FUND FEDERAL SOURCE REVENUES

Federally financed programs are generally accounted for in the Special Revenue Funds of the District, except for SHARS, JROTC salary reimbursements, E-Rate allocations and indirect costs charged to federal programs which are accounted for in the General Fund as prescribed by the TEA. The District recognized in the General Fund such revenues for the year ended June 30, 2024, from various federal sources as follows:

Program or Source	Amount
SHARS	\$ 233,574
Navy-JROTC Program	49,993
E-Rate	42,973
Indirect Costs:	
ESEA Title I, Part A	15,000
ESEA Title II, Part A	3,293
ESSA Title III, Part A, ELA	2,318
IDEA - Part B, Formula	29,214
IDEA - Part B, Preschool	582
Title IV, Part A, Subpart I	1,940
Food Service Fund	205,000
Perkins V: Strengthening CTE for 21st Century	1,551
ARP Homeless II	469
Total	585,907

Indirect cost revenues were determined by applying approved indirect costs rates to allowable applicable expenditures of federally funded grant programs.

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T. UNEARNED/UNAVAILABLE REVENUE

Unearned and unavailable revenue (Exhibits C-1 and H-1) at year-end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Unavailable- Property Taxes	\$ 1,734,709	\$	\$ 190,398	\$ 1,925,107
Unearned- School Nutrition Restricted Contributions	256,600	50,607		50,607 256,600
Total	\$ 1,991,309	\$ 50,607	\$ 190,398	\$ 2,232,314

U. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources (Exhibit C-3 and H-2) consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Funds	Total
Property Taxes	\$ 45,129,266	\$	\$ 7,146,567	\$	\$ 52,275,833
Penalties & Interest	410,203		55,525		465,728
Donations/Gifts	954,931	3,000			957,931
Special Education Coop	21,000	1,773,772			1,794,772
Investment Income	1,475,560	70,361	104,028	3,511,899	5,161,848
Facility Rental	91,397				91,397
Insurance Recovery	19,282				19,282
Tuition and Fees	183,192				183,192
Food Sales		769,335			769,335
Campus Activity Fund		283,802			283,802
Co-curricular Activities	176,079				176,079
Other	71,751	2,878			74,629
Total	\$ 48,532,661	\$ 2,903,148	\$ 7,306,120	\$ 3,511,899	\$ 62,253,828

V. JOINT VENTURE – SHARED SERVICE ARRANGEMENT

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides for the efficient delivery of legally required special education and related services to eligible students with disabilities from the member districts. In addition to the District, other member districts include Comfort ISD, Harper ISD, and Doss CCSD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent.

According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund 437 (Exhibit H-2), Shared Services Arrangements – Special Education and is accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Fredericksburg Independent School District	\$ 1,275,731
Comfort Independent School District	340,432
Harper Independent School District	156,276
Doss CCSD	16,333
	<u>\$ 1,788,772</u>

W. INSURANCE COVERAGE

During the fiscal year, Fredericksburg ISD participated in the following TASB Risk Management Fund (the Fund) programs:

Auto Liability	Auto Physical Damage
Privacy & Information Security	School Liability
Property	

Fredericksburg Independent School District
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The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the current fiscal year, the fund anticipates Fredericksburg ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each 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, 2023, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

X. RECAPTURE PAYMENTS TO THE STATE

In the 2004-2005 fiscal year, the District was designated a property wealthy district by the State. To that end, the District must share its local property tax revenue with the State or other districts. The District passed the necessary election to authorize payment of tax revenues to another district or to the State. Following are the recapture payments and percentage of local property tax revenue made for the past ten years:

2014-2015	5,374,882	21.10%
2015-2016	5,258,645	22.82%
2016-2017	7,119,606	25.47%
2017-2018	9,738,005	30.84%
2018-2019	12,915,801	33.94%
2019-2020	13,355,333	33.33%
2020-2021	16,004,619	38.70%
2021-2022	17,882,878	34.46%
2022-2023	23,707,820	40.53%
2023-2024	15,941,357	30.49%
Total to Date	\$ 127,298,946	

The financial calculation for sharing local property tax revenue is strictly based on wealth per average daily attendance. The amount that the district spends is not relevant, only the tax revenues collected and the number of weighted students attending FISD schools. The appraisals cannot be lowered so that the tax revenues are lower because the local appraisal district is charged to appraise properties based on market value. The Texas State Comptroller's office verifies the market values annually. If the local appraisal district does not value within a certain range of the state's calculations, the state will presume their values are accurate and will use their values instead of the local appraisal values. Recapture payments would still be due to the State based on those calculations and the District would receive less tax revenue and have less to spend on the education of the local students.

Y. EMPLOYEE BENEFITS

The District provides opportunities for employees to participate in elective employee paid benefits such as dental, disability, life, accident, emergency transport, cancer insurances. Additionally, the district provides these benefits:

Social Security

The District participates in a Section 218 Agreement with the IRS for non- professional employees. This voluntary agreement between the District and the Social Security Administration was established to provide Social Security and Medicare Hospital Insurance (HI) or Medicare coverage only for non-professional employees of the District. All employees are covered for the Medicare. This agreement is authorized under Section 218 of the Social Security Act. Employees covered under a Section 218 Agreement have the same coverage and benefit rights as employees in the private sector. The District contributed to the Social Security insurance plan as follows:

Year Ended 6/30/20	\$ 634,540
Year Ended 6/30/21	\$ 787,107
Year Ended 6/30/22	\$ 753,349
Year Ended 6/30/23	\$ 745,977
Year Ended 6/30/24	\$ 852,091

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



Employee Health Care Coverage

The District utilizes TRS-ActiveCare, the statewide health coverage program for public education employees established by the 77th Texas Legislature in 2002. Of the more than one thousand school districts/entities eligible to participate in TRS-ActiveCare, over 90 percent do so. The District employees are eligible to participate in one of three PPO plan options administered by BlueCross BlueShield and WellSystems and Caremark.

TRS-ActiveCare is a self-funded program, not an insured plan. Rates and benefits are not determined by the vendors administering the program, but are established by the TRS Trustees based on the claims experience of the plan.

During the year the District contributed \$315.00 per month toward the plan premiums for each enrolled employee.

Contributions to health care coverage for employees are as follows:

Year Ended 6/30/20	\$ 953,865
Year Ended 6/30/21	\$ 806,507
Year Ended 6/30/22	\$ 829,448
Year Ended 6/30/23	\$ 962,748
Year Ended 6/30/24	\$ 1,038,628

Workers' Compensation Pool

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

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2023, the Fund carried a discounted reserve of \$48,919,036 for future development on reported claims and claims that have been incurred but not yet reported. For the current fiscal year, the Fund anticipated no additional liability to members beyond their contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Pool

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

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool. For the current fiscal year, the Fund anticipates that the District has no additional liability beyond their 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, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Z. LEASE RECEIVABLE

In August of 2017, the district entered into an interlocal office lease agreement with Gillespie Central Appraisal District. As of July 1, 2021, the district had a 253 month lease agreement with the appraisal district. An initial lease receivable was recorded in the amount of \$1,295,750. As of June 30, 2024, the value of the lease receivable was \$1,134,715. The lessee is required to make monthly fixed payments of \$6,000. The lease has an interest rate of 1.5510%. The value of the deferred

Fredericksburg Independent School District
Notes to the Financial Statements
Year Ended June 30, 2024



inflow of resources related to the lease as of June 30, 2024 was \$1,111,376 and the district recognized lease revenue of \$61,458 during the fiscal year. The lessee has two extension options, each for 60 months.

AA. NEGATIVE UNRESTRICTED NET POSITION

The unrestricted net position for the governmental activities reflects a large negative balance in the amount of (\$1,185,563). This is due to the implementation of GASB Statements No. 68 regarding *Net Pension Liability* and No. 75 regarding *Other Post-Employment Benefits*. The District was required to recognize their proportionate share of the TRS Pension Plan liability, deferred outflows and inflows of resources, as well as the TRS Care Plan liability, deferred outflows and deferred inflows of resources.

BB. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures in the General Fund exceeded the budget appropriations in two functions but not in total.

CC. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 6, 2024 the date which the financial statements were available to be issued. The District is not aware of any subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 57,981,152	\$ 49,407,791	\$ 48,532,661	\$ (875,130)
5800 State Program Revenues	2,971,529	3,955,154	3,493,664	(461,490)
5900 Federal Program Revenues	810,000	828,000	585,907	(242,093)
5020 Total Revenues	61,762,681	54,190,945	52,612,232	(1,578,713)
EXPENDITURES:				
Current:				
0011 Instruction	18,472,455	18,601,605	17,612,495	989,110
0012 Instructional Resources and Media Services	267,239	261,963	237,895	24,068
0013 Curriculum and Instructional Staff Development	98,710	145,430	104,812	40,618
0021 Instructional Leadership	975,701	982,677	835,507	147,170
0023 School Leadership	1,804,816	1,909,903	1,867,248	42,655
0031 Guidance, Counseling, and Evaluation Services	997,650	1,096,950	929,258	167,692
0032 Social Work Services	76,226	88,226	79,397	8,829
0033 Health Services	422,702	462,352	381,898	80,454
0034 Student (Pupil) Transportation	1,109,590	1,238,608	1,084,347	154,261
0036 Extracurricular Activities	1,841,954	2,016,605	1,865,467	151,138
0041 General Administration	1,497,524	1,644,724	1,562,460	82,264
0051 Facilities Maintenance and Operations	4,082,128	4,422,354	4,349,699	72,655
0052 Security and Monitoring Services	398,570	437,466	367,947	69,519
0053 Data Processing Services	741,282	764,097	803,770	(39,673)
0061 Community Services	546,507	590,656	505,066	85,590
Debt Service:				
0071 Principal on Long-Term Liabilities	124,550	307,690	278,072	29,618
0072 Interest on Long-Term Liabilities	1,723	1,723	8,205	(6,482)
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	1,867,263	1,549,058	318,205
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	26,143,254	16,670,996	15,993,118	677,878
0092 Incremental Costs Associated with Chapter 41	43,000	43,000	33,000	10,000
0093 Payments to Fiscal Agent/Member Districts of SSA	1,367,100	1,367,100	1,275,731	91,369
0099 Other Intergovernmental Charges	750,000	750,000	736,018	13,982
6030 Total Expenditures	61,762,681	55,671,388	52,460,468	3,210,920
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,480,443)	151,764	1,632,207
OTHER FINANCING SOURCES (USES):				
7913 Right-to-Use Lease and SBITA Proceeds	-	-	205,168	205,168
1200 Net Change in Fund Balances	-	(1,480,443)	356,932	1,837,375
0100 Fund Balance - July 1 (Beginning)	18,487,574	18,487,574	18,487,574	-
3000 Fund Balance - June 30 (Ending)	\$ 18,487,574	\$ 17,007,131	\$ 18,844,506	\$ 1,837,375

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Pension Liability (Asset)	0.018756329%	0.017509038%	0.016219%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 12,883,788	\$ 10,394,666	\$ 4,130,405
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	17,558,162	16,962,157	8,065,471
Total	<u>\$ 30,441,950</u>	<u>\$ 27,356,823</u>	<u>\$ 12,195,876</u>
District's Covered Payroll	\$ 24,054,545	\$ 23,615,953	\$ 22,862,345
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	53.56%	44.02%	18.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.015517105%	0.015340443%	0.016151168%	0.017369688%	0.017432007%	0.0172795%	0.0125887%
\$ 8,310,645	\$ 7,974,442	\$ 8,889,995	\$ 5,553,890	\$ 6,587,296	\$ 6,108,073	\$ 3,362,617
17,631,018	15,982,907	17,901,514	10,914,881	13,438,432	12,882,586	11,068,612
<u>\$ 25,941,663</u>	<u>\$ 23,957,349</u>	<u>\$ 26,791,509</u>	<u>\$ 16,468,771</u>	<u>\$ 20,025,728</u>	<u>\$ 18,990,659</u>	<u>\$ 14,431,229</u>
\$ 22,662,789	\$ 21,571,722	\$ 21,959,531	\$ 21,951,811	\$ 22,804,569	\$ 22,489,371	\$ 20,241,241
36.67%	36.97%	40.48%	25.30%	28.88%	27.16%	16.61%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 1,016,792	\$ 933,345	\$ 797,207
Contribution in Relation to the Contractually Required Contribution	(1,016,792)	(933,345)	(797,207)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 25,493,939	\$ 23,856,391	\$ 24,071,827
Contributions as a Percentage of Covered Payroll	3.99%	3.91%	3.31%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

	2021	2020	2019	2018	2017	2016	2015
\$	685,789	\$ 627,768	\$ 539,750	\$ 553,415	\$ 462,233	\$ 502,958	\$ 448,455
	(685,789)	(627,768)	(539,750)	(553,415)	(462,233)	(502,958)	(448,455)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	22,876,555	\$ 22,507,419	\$ 21,363,794	\$ 22,048,830	\$ 22,804,569	\$ 22,489,371	\$ 21,241,241
	3.00%	2.79%	2.53%	2.51%	2.02%	2.22%	2.11%

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.025739424%	0.025173228%	0.024724052%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 5,698,272	\$ 6,027,479	\$ 9,537,172
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	6,875,841	7,352,578	12,777,685
Total	<u>\$ 12,574,113</u>	<u>\$ 13,380,057</u>	<u>\$ 22,314,857</u>
District's Covered Payroll	\$ 24,054,545	\$ 23,615,953	\$ 22,862,345
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	23.69%	25.52%	41.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2024 are for the measurement date of August 31, 2023. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

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

<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.024655365%	0.025562079%	0.026692921%	0.026902808%
\$ 9,372,618	\$ 12,088,618	\$ 13,328,020	\$ 11,699,022
12,594,551	16,063,072	18,479,026	17,249,115
<u>\$ 21,967,169</u>	<u>\$ 28,151,690</u>	<u>\$ 31,807,046</u>	<u>\$ 28,948,137</u>
\$ 22,662,789	\$ 21,571,722	\$ 21,959,531	\$ 21,951,811
41.36%	56.04%	60.69%	53.29%
4.99%	2.66%	1.57%	0.91%

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 224,740	\$ 219,978	\$ 204,131
Contribution in Relation to the Contractually Required Contribution	(224,740)	(219,978)	(204,131)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 25,493,939	\$ 23,856,391	\$ 24,071,827
Contributions as a Percentage of Covered Payroll	0.88%	0.92%	0.85%

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

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

	2021	2020	2019	2018
\$	193,579	\$ 185,951	\$ 181,531	\$ 178,347
	(193,579)	(185,951)	(181,531)	(178,347)
\$	-	\$ -	\$ -	\$ -
\$	22,876,555	\$ 22,507,419	\$ 21,363,794	\$ 22,048,830
	0.85%	0.83%	0.85%	0.81%

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

A. Defined Benefit Pension Plan

Changes of Benefit Terms

The Texas 2023 Legislature passed legislation that provided a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the Net Pension Liability of TRS. In addition, the Legislature also provided for a cost-of-living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

Changes of Assumptions

There were no changes in assumptions.

B. Other Post-Employment Benefit Plan

Changes in Benefit Terms

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

Changes in Assumptions

The single discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023. This change decreased the total OPEB liability.

COMBINING AND OTHER STATEMENTS

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program
ASSETS				
1110 Cash and Cash Equivalents	\$ 79,323	\$ 334	\$ 44,712	\$ 225,498
1120 Investments - Current	-	-	-	1,302,650
1240 Due from Other Governments	-	79,432	-	17,328
1290 Other Receivables	-	-	-	109
1300 Inventories	-	-	-	37,568
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 79,323</u>	<u>\$ 79,766</u>	<u>\$ 44,712</u>	<u>\$ 1,583,153</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 12,670
2150 Payroll Deductions and Withholdings Payable	3,556	4,397	1,795	1,937
2160 Accrued Wages Payable	75,767	60,038	42,917	119,515
2170 Due to Other Funds	-	15,331	-	206,983
2300 Unearned Revenue	-	-	-	50,607
2000 Total Liabilities	<u>79,323</u>	<u>79,766</u>	<u>44,712</u>	<u>391,712</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	37,568
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	1,153,873
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,191,441</u>
4000 Total Liabilities and Fund Balances	<u>\$ 79,323</u>	<u>\$ 79,766</u>	<u>\$ 44,712</u>	<u>\$ 1,583,153</u>

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	280 ESSER III Homelsss Children	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds
\$ 15,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 960
-	-	-	-	-	-	-	-
-	7,054	18,472	11,746	469	-	709,121	19,903
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,298	-	-	-	-	-
<u>\$ 15,484</u>	<u>\$ 7,054</u>	<u>\$ 20,770</u>	<u>\$ 11,746</u>	<u>\$ 469</u>	<u>\$ -</u>	<u>\$ 709,121</u>	<u>\$ 20,863</u>
\$ -	\$ 2,538	\$ 7,627	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,455	440	-	-	11,175	812
-	-	1,216	8,844	-	-	146,958	6,111
-	4,516	10,472	2,462	469	-	550,988	13,940
-	-	-	-	-	-	-	-
-	7,054	20,770	11,746	469	-	709,121	20,863
-	-	-	-	-	-	-	-
15,484	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>15,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 15,484</u>	<u>\$ 7,054</u>	<u>\$ 20,770</u>	<u>\$ 11,746</u>	<u>\$ 469</u>	<u>\$ -</u>	<u>\$ 709,121</u>	<u>\$ 20,863</u>

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

Data Control Codes	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	364 SSA - IDEA B Formula ARP Act	365 SSA - IDEA B Preschool ARP Act
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120 Investments - Current	-	-	-	-
1240 Due from Other Governments	416,948	2,811	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 416,948</u>	<u>\$ 2,811</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ -
2150 Payroll Deductions and Withholdings Payable	4,494	108	-	-
2160 Accrued Wages Payable	93,912	2,121	-	-
2170 Due to Other Funds	318,542	582	-	-
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>416,948</u>	<u>2,811</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	-	-
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 416,948</u>	<u>\$ 2,811</u>	<u>\$ -</u>	<u>\$ -</u>

386 Regional Day School for the Deaf	410 State Instructional Materials	429 Other State Special Revenue Funds	437 SSA Special Education	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	59G Prior Year Non-Major Fund	690 Local Capital Projects Fund
\$ -	\$ -	\$ -	\$ 54,714	\$ 290,345	\$ 711,370	\$ -	\$ 1
-	-	-	-	-	1,302,650	-	3,682
8,690	107,109	124,259	153,655	-	1,676,997	-	-
-	-	-	-	-	109	-	-
-	-	-	-	-	37,568	-	-
-	-	-	-	-	2,298	-	-
<u>\$ 8,690</u>	<u>\$ 107,109</u>	<u>\$ 124,259</u>	<u>\$ 208,369</u>	<u>\$ 290,345</u>	<u>\$ 3,730,992</u>	<u>\$ -</u>	<u>\$ 3,683</u>
\$ -	\$ 95,912	\$ 124,259	\$ 11,848	\$ -	\$ 254,854	\$ -	\$ -
-	-	-	4,231	-	34,400	-	-
-	-	-	192,290	-	749,689	-	-
8,690	11,197	-	-	-	1,144,172	-	3,683
-	-	-	-	-	50,607	-	-
<u>8,690</u>	<u>107,109</u>	<u>124,259</u>	<u>208,369</u>	<u>-</u>	<u>2,233,722</u>	<u>-</u>	<u>3,683</u>
-	-	-	-	-	37,568	-	-
-	-	-	-	-	1,169,357	-	-
-	-	-	-	290,345	290,345	-	-
-	-	-	-	290,345	1,497,270	-	-
<u>\$ 8,690</u>	<u>\$ 107,109</u>	<u>\$ 124,259</u>	<u>\$ 208,369</u>	<u>\$ 290,345</u>	<u>\$ 3,730,992</u>	<u>\$ -</u>	<u>\$ 3,683</u>

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

Data Control Codes		698 Capital Projects- 2018 Bond	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ 1	\$ 711,371
1120	Investments - Current	-	3,682	1,306,332
1240	Due from Other Governments	-	-	1,676,997
1290	Other Receivables	-	-	109
1300	Inventories	-	-	37,568
1410	Prepayments	-	-	2,298
1000	Total Assets	<u>\$ -</u>	<u>\$ 3,683</u>	<u>\$ 3,734,675</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ 254,854
2150	Payroll Deductions and Withholdings Payable	-	-	34,400
2160	Accrued Wages Payable	-	-	749,689
2170	Due to Other Funds	-	3,683	1,147,855
2300	Unearned Revenue	-	-	50,607
2000	Total Liabilities	<u>-</u>	<u>3,683</u>	<u>2,237,405</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	-	-	37,568
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	1,169,357
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	290,345
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,497,270</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 3,683</u>	<u>\$ 3,734,675</u>

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 845,108
5800 State Program Revenues	-	-	-	87,399
5900 Federal Program Revenues	372,000	598,002	289,328	1,246,651
5020 Total Revenues	372,000	598,002	289,328	2,179,158
EXPENDITURES:				
Current:				
0011 Instruction	328,399	514,782	235,942	-
0012 Instructional Resources and Media Services	-	57,391	-	-
0013 Curriculum and Instructional Staff Development	-	9,214	-	-
0021 Instructional Leadership	-	14,496	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	53,386	-
0032 Social Work Services	-	-	-	-
0033 Health Services	43,601	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	2,550,405
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	2,119	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	372,000	598,002	289,328	2,550,405
1200 Net Change in Fund Balance	-	-	-	(371,247)
0100 Fund Balance - July 1 (Beginning)	-	-	-	1,562,688
1300 Change from Nonmajor to Major Fund	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 1,191,441

242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	280 ESSER III Homelss Children	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2,786	-	-	-	-	-	-	-
-	44,711	99,717	66,586	2,576	3,224	1,566,244	56,981
2,786	44,711	99,717	66,586	2,576	3,224	1,566,244	56,981
-	36,369	-	53,442	2,576	3,224	1,307,613	5,878
-	-	-	-	-	-	7,625	-
-	3,363	76,262	11,769	-	-	-	-
-	-	5,901	1,090	-	-	16,439	935
-	-	13,392	-	-	-	33,400	-
-	-	4,162	-	-	-	29,905	-
-	-	-	-	-	-	2,536	-
-	-	-	-	-	-	8,619	-
-	-	-	-	-	-	20,454	-
377	-	-	-	-	-	37,570	-
-	-	-	-	-	-	5,831	-
-	-	-	-	-	-	27,440	-
-	-	-	-	-	-	59,087	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,575	-
-	-	-	285	-	-	5,150	50,168
-	4,464	-	-	-	-	-	-
-	515	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
377	44,711	99,717	66,586	2,576	3,224	1,566,244	56,981
2,409	-	-	-	-	-	-	-
13,075	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 15,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	364 SSA - IDEA B Formula ARP Act	365 SSA - IDEA B Preschool ARP Act
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	800,575	13,470	117,278	1,598
5020 Total Revenues	800,575	13,470	117,278	1,598
EXPENDITURES:				
Current:				
0011 Instruction	55,071	839	27,400	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	6,897	-
0021 Instructional Leadership	-	-	34,653	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	554,980	12,631	42,036	1,598
0032 Social Work Services	74,468	-	6,292	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long-Term Liabilities	-	-	-	-
0072 Interest on Long-Term Liabilities	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	116,056	-	-	-
6030 Total Expenditures	800,575	13,470	117,278	1,598
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Change from Nonmajor to Major Fund	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

386 Regional Day School for the Deaf	410 State Instructional Materials	429 Other State Special Revenue Funds	437 SSA Special Education	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	59G Prior Year Non-Major Fund	690 Local Capital Projects Fund
\$ -	\$ -	\$ -	\$ 1,773,772	\$ 284,268	\$ 2,903,148	\$ -	\$ 353
8,690	390,888	338,225	98,218	-	926,206	-	-
-	-	-	-	-	5,278,941	-	-
8,690	390,888	338,225	1,871,990	284,268	9,108,295	-	353
8,690	387,388	-	962,218	43,748	3,973,579	-	-
-	-	-	-	42,338	107,354	-	-
-	3,500	-	17,587	287	128,879	-	-
-	-	-	393,578	-	467,092	-	-
-	-	-	-	634	47,426	-	-
-	-	-	490,570	11,212	1,200,480	-	-
-	-	-	-	-	83,296	-	-
-	-	-	150	-	52,370	-	-
-	-	-	-	-	20,454	-	-
-	-	-	-	-	2,588,352	-	-
-	-	-	-	212,595	218,426	-	-
-	-	-	1,747	-	29,187	-	-
-	-	-	140	-	59,227	-	-
-	-	338,225	-	-	338,225	-	-
-	-	-	-	-	4,575	-	-
-	-	-	-	-	57,722	-	-
-	-	-	-	-	4,464	-	-
-	-	-	-	-	515	-	-
-	-	-	-	-	-	-	34,899
-	-	-	6,000	-	122,056	-	-
8,690	390,888	338,225	1,871,990	310,814	9,503,679	-	34,899
-	-	-	-	(26,546)	(395,384)	-	(34,546)
-	-	-	-	316,891	1,892,654	2,554,085	34,546
-	-	-	-	-	-	(2,554,085)	-
\$ -	\$ -	\$ -	\$ -	\$ 290,345	\$ 1,497,270	\$ -	\$ -

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	698 Capital Projects- 2018 Bond	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ 353	\$ 2,903,501
5800 State Program Revenues	-	-	926,206
5900 Federal Program Revenues	-	-	5,278,941
5020 Total Revenues	-	353	9,108,648
EXPENDITURES:			
Current:			
0011 Instruction	-	-	3,973,579
0012 Instructional Resources and Media Services	-	-	107,354
0013 Curriculum and Instructional Staff Development	-	-	128,879
0021 Instructional Leadership	-	-	467,092
0023 School Leadership	-	-	47,426
0031 Guidance, Counseling, and Evaluation Services	-	-	1,200,480
0032 Social Work Services	-	-	83,296
0033 Health Services	-	-	52,370
0034 Student (Pupil) Transportation	-	-	20,454
0035 Food Services	-	-	2,588,352
0036 Extracurricular Activities	-	-	218,426
0041 General Administration	-	-	29,187
0051 Facilities Maintenance and Operations	-	-	59,227
0052 Security and Monitoring Services	-	-	338,225
0053 Data Processing Services	-	-	4,575
0061 Community Services	-	-	57,722
Debt Service:			
0071 Principal on Long-Term Liabilities	-	-	4,464
0072 Interest on Long-Term Liabilities	-	-	515
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	34,899	34,899
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	122,056
6030 Total Expenditures	-	34,899	9,538,578
1200 Net Change in Fund Balance	-	(34,546)	(429,930)
0100 Fund Balance - July 1 (Beginning)	-	34,546	4,481,285
1300 Change from Nonmajor to Major Fund	-	-	(2,554,085)
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ 1,497,270

T.E.A REQUIRED SCHEDULES

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2015 and prior years	Various	Various	\$ Various
2016	1.040000	0.106200	2,725,936,050
2017	1.040000	0.106200	2,963,946,519
2018	1.040000	0.106200	3,340,446,344
2019	1.040000	0.106200	3,623,776,653
2020	0.970000	0.106200	4,140,083,720
2021	0.949100	0.106200	4,283,686,675
2022	0.872000	0.106200	5,253,444,490
2023	0.854600	0.106200	6,137,129,583
2024 (School year under audit)	0.669200	0.106200	6,814,400,052
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 7/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2024	(99) Taxes Refunded Under Section 26.1115c
\$ 197,962	\$ -	\$ 3,351	\$ 342	\$ (60,400)	\$ 133,869	
23,282	-	3,445	175	1,716	21,378	
28,675	-	1,736	176	-	26,763	
32,134	-	2,347	238	-	29,549	
48,561	-	3,711	374	-	44,476	
102,127	-	8,133	876	2,013	95,131	
192,179	-	74,656	8,299	55,642	164,866	
279,869	-	130,903	15,854	76,175	209,287	
1,029,758	-	619,781	76,633	33,722	367,066	
-	52,838,858	44,288,747	7,043,600	(572,468)	934,043	
<u>\$ 1,934,547</u>	<u>\$ 52,838,858</u>	<u>\$ 45,136,810</u>	<u>\$ 7,146,567</u>	<u>\$ (463,600)</u>	<u>\$ 2,026,428</u>	

\$ -

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 780,000	\$ 879,833	\$ 845,108	\$ (34,725)
5800 State Program Revenues	80,138	80,138	87,399	7,261
5900 Federal Program Revenues	1,048,000	1,196,913	1,246,651	49,738
5020 Total Revenues	1,908,138	2,156,884	2,179,158	22,274
EXPENDITURES:				
Current:				
0035 Food Services	2,780,100	3,007,600	2,550,405	457,195
6030 Total Expenditures	2,780,100	3,007,600	2,550,405	457,195
1200 Net Change in Fund Balances	(871,962)	(850,716)	(371,247)	479,469
0100 Fund Balance - July 1 (Beginning)	1,562,688	1,562,688	1,562,688	-
3000 Fund Balance - June 30 (Ending)	\$ 690,726	\$ 711,972	\$ 1,191,441	\$ 479,469

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 7,965,859	\$ 7,871,506	\$ 7,306,120	\$ (565,386)
5800 State Program Revenues	-	94,353	369,924	275,571
5020 Total Revenues	7,965,859	7,965,859	7,676,044	(289,815)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	4,394,043	4,394,043	3,740,000	654,043
0072 Interest on Long-Term Liabilities	3,563,816	3,563,816	3,571,156	(7,340)
0073 Bond Issuance Cost and Fees	8,000	8,000	5,953	2,047
6030 Total Expenditures	7,965,859	7,965,859	7,317,109	648,750
1200 Net Change in Fund Balances	-	-	358,935	358,935
0100 Fund Balance - July 1 (Beginning)	2,554,085	2,554,085	2,554,085	-
3000 Fund Balance - June 30 (Ending)	\$ 2,554,085	\$ 2,554,085	\$ 2,913,020	\$ 358,935

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED JUNE 30, 2024

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	2,745,358
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	1,481,786

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	406,654
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	225,081

REPORTS ON INTERNAL CONTROLS, COMPLIANCE AND
FEDERAL AWARDS



NEFFENDORF & BLOCKER, P.C.

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*

Independent Auditor's Report

Board of Trustees
Fredericksburg Independent School District
Fredericksburg, Texas 78624

Members of the Board:

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 Fredericksburg Independent School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Fredericksburg Independent School District's basic financial statements, and have issued our report thereon dated November 6, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Fredericksburg Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

TEL: 830 997 3348

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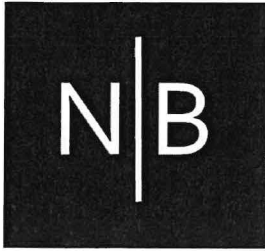
Purpose of this Report

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.

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C
Fredericksburg, Texas

November 6, 2024



NEFFENDORF & BLOCKER, P.C.

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

Independent Auditor's Report

Board of Trustees
Fredericksburg Independent School District
Fredericksburg, Texas 78624

Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fredericksburg Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Fredericksburg Independent School District's major federal programs for the year ended June 30, 2024. Fredericksburg Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fredericksburg Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fredericksburg Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

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a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fredericksburg Independent School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.
Fredericksburg, Texas

November 6, 2024

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2024

I. Summary of the Auditor's Results:

I. Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material Weakness(es) identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weakness? ___ Yes X No

Noncompliance material to financial statements noted? ___ Yes X No

II. Federal and State Awards

Internal control over major programs:

Material Weakness(es) identified? ___ Yes X No

Significant deficiencies identified that are not considered to be material weakness? ___ Yes X No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance? ___ Yes X No

Identification of major federal program:

Assistance Listing Number
84.027, 84.173

Name of the Federal Program or Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? X Yes ___ No

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

The audit disclosed no findings required to be reported.

III. Findings and Questioned Costs for Federal Awards

The audit disclosed no findings required to be reported.

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024



Prior Year's Findings/Noncompliance and Status:

Finding 2023-001

The District's fund balance in the food service fund was \$1,562,688 which is in excess of three months' average expenditures (\$493,284). The District was not compliant with the state's excess fund balance requirements.

Contact: Jill Minshew, CFO
(830) 997-9551

Corrective Action Taken:

The District submitted an excess net cash resources plan to the Texas Department of Agriculture that was approved in February 2024. The plan details the expenditures proposed to decrease net cash resources and allows the District until May 31, 2025 to spend the resources. This plan was accepted and approved by the Texas Department of Agriculture.

Fredericksburg Independent School District | 234 Friendship Lane, Fredericksburg, TX 78624

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
Title I, Part A - Improving Basic Programs	84.010A	23610101086901	\$ 28,845
Title I, Part A - Improving Basic Programs	84.010A	24610101086901	584,158
Total Assistance Listing Number 84.010			613,003
*SSA - IDEA - Part B, Formula	84.027A	236600010869016600	8,722
*SSA - IDEA - Part B, Formula	84.027A	246600010869016600	1,110,395
*COVID 19 -SSA - IDEA,B.Formula - ARP	84.027X	225350020869015350	117,278
Total Assistance Listing Number 84.027			1,236,395
*SSA - IDEA - Part B, Preschool	84.173A	246610010869016610	14,052
*COVID 19 -SSA - IDEA,B.Preschool - ARP	84.173X	225360020869015360	1,598
Total Assistance Listing Number 84.173			15,650
Total Special Education Cluster (IDEA)			1,252,045
22-23 Perkins V: Strengthening CTE for 21st Century	84.048A	23420006086901	3,362
23-24 Perkins V: Strengthening CTE for 21st Century	84.048A	24420006086901	42,900
Total Assistance Listing Number 84.048			46,262
Title III, Part A - English Language Acquisition	84.365A	23671001086901	12,972
Title III, Part A - English Language Acquisition	84.365A	24671001086901	55,933
Total Assistance Listing Number 84.365			68,905
Title II, Part A- Supporting Effective Instruction	84.367A	23694501086901	22,551
Title II, Part A- Supporting Effective Instruction	84.367A	24694501086901	80,460
Total Assistance Listing Number 84.367			103,011
COVID 19 - CRRSA ESSER II - School Emergency Relief	84.425D	21521001086901	3,224
COVID 19 - ARP ESSER III - School Emergency Relief	84.425U	21528001086901	1,566,244
COVID 19 - ARP Education for Homeless Children	84.425W	21533002086901	3,045
Total Assistance Listing Number 84.425			1,572,513
LEP Summer School	84.369A	69552302	5,878
Title IV, Part A, Subpart I	84.424A	23680101086901	536
Title IV, Part A, Subpart I	84.424A	24680101086901	52,506
Total Assistance Listing Number 84.424			53,042
Total Passed Through Texas Education Agency			3,714,659
TOTAL U.S. DEPARTMENT OF EDUCATION			3,714,659
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Innovative Network of Knowledge</u>			
* Head Start	93.600	06-CH10076-01-3865	372,000
Total Passed Through Innovative Network of Knowledge			372,000
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			372,000
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal Assistance Listing No.	Pass-Through Entity Identifying Number	Federal Expenditures
*School Breakfast Program	10.553	71402401	217,156
*National School Lunch Program - Cash Assistance	10.555	71302401	978,838
*National School Lunch Prog. - Non-Cash Assistance	10.555		124,789
Supply Chain Assistance Grant- Round 3 RA	10.555	236TX400N8903	12,842
Supply Chain Assistance- Round 4	10.555	236TX400N8903	118,024
Total Assistance Listing Number 10.555			1,234,493
Total Child Nutrition Cluster			1,451,649
Total Passed Through the Texas Department of Agriculture			1,451,649
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,451,649
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,538,308

*Clustered Programs

FREDERICKSBURG INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Fredericksburg Independent School District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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, components of the Governmental Fund type. 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.

School health and related services revenues are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-3 to the Schedule of Expenditures of Federal Awards:

Total expenditures of federal awards per Exhibit K-1	\$ 5,538,308
General Fund – federal revenue	
Navy-JROTC	49,993
SHARS	233,574
E-Rate	<u>42,973</u>
Total federal revenues per Exhibit C-3	<u>\$ 5,864,848</u>

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed.



NEFFENDORF & BLOCKER, P.C.

November 6, 2024

Board of Trustees
Fredericksburg Independent School District
Fredericksburg, TX 78624

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fredericksburg Independent School District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fredericksburg Independent School District are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by Fredericksburg Independent School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Fredericksburg Independent School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Fredericksburg Independent School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, the TRS net pension liability schedules and the TRS OPEB Liability schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards and the Texas Education Agency required Exhibits, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Fredericksburg Independent School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Neffendorf & Blocker, P.C.

NEFFENDORF & BLOCKER, P.C.

Fredericksburg, Texas