

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

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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CERTIFICATE OF BOARD

Sherman Independent School District
Name of School District

Grayson
County

091-906
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 18th day of November, 2024.


Signature of Board Secretary


Signature of Board President

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**

A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

Independent Auditor's Report

Sherman Independent School District
Sherman, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sherman Independent School District as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Sherman 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 Sherman Independent School District as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financials section of our report. We are required to be independent of Sherman 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 Sherman 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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sherman 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 Sherman 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 on pages 5 through 12 and the Teacher Retirement System schedules on page 58 through 66 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 Sherman Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024 on our consideration of Sherman Independent School District's internal control over financial reporting and on our tests of the 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 Sherman 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 Sherman Independent School District's internal control over financial reporting and compliance.

Hankins Eastup Deaton Tonn Seay & Scarborough

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
November 11, 2024

**SHERMAN INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

As management of Sherman Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2024.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$42,618,081 (*net position*).
- The District's total net position increased by \$10,789,914 during the current fiscal year from the result of current year operations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$293,499,212 an increase of \$245,963,112 in comparison with the prior year. The increase in governmental fund balances was due to a decrease in the General Fund balance of \$7,978,821, an increase in the Debt Service Fund of \$10,532,767, and an increase in the Capital Projects Fund of \$243,687,289.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,720,291 or 19.6% of total general fund expenditures.
- The District's total bonded debt (par value) increased by \$231.175 million during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets and deferred outflows of resource, and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Capital Outlay, and Appraisal District Fees. The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on *balances of spendable resources* available at the end of the current fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances prove a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains thirty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, all of which are considered to be major funds. Data from the other twenty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and Child Nutrition Fund special revenue fund.

The basic governmental fund financial statements can be found on pages 16 through 23 of this report.

Fiduciary Funds

The District is the trustee, or custodian, for money raised by student activities. The District's custodial activity is reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 25 and 26. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 54 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information. In addition, two schedules of required supplementary information are presented containing information on the District's participation in the Teacher Retirement System of Texas pension plan and two schedules are presented containing information on the District's participation in the Teacher Retirement System of Texas TRS-Care plan, an other post-employment benefit (OPEB) plan. The required supplementary information can be found on pages 56 through 66.

Other Information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information and can be found on pages 68 through 85 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$42,618,081 at the close of the fiscal year (net position).

The District's net investments in capital assets (e.g. land, buildings and improvements, and furniture and equipment) less any outstanding related debt used to acquire those assets, amounted to \$54,740,960. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets cannot be used to liquidate these liabilities.

	Governmental Activities	
	2024	2023
Current and other assets	\$ 311,801,060	\$ 66,845,652
Capital and non-current assets	258,036,563	239,815,799
Total Assets	569,837,623	306,661,451
Deferred outflows - pension	15,096,036	13,791,236
Deferred outflows - OPEB	7,975,849	8,625,568
Total Deferred Outflows of Resources	23,071,885	22,416,804
Current liabilities	22,875,174	20,090,251
Long-term liabilities	499,841,488	246,451,998
Total Liabilities	522,716,662	266,542,249
Deferred gain on bond refundings	1,387,606	199,740
Deferred inflows - pension	2,305,587	3,629,256
Deferred inflows - OPEB	23,881,572	26,878,843
Total Deferred Inflows of Resources	27,574,765	30,707,839
Net Position:		
Net investments in capital assets	\$ 54,740,960	\$ 44,586,787
Restricted	19,347,432	13,274,519
Unrestricted	(31,470,311)	(26,033,139)
Total Net Position	\$ 42,618,081	\$ 31,828,167

At the end of the current fiscal year, the District reports positive balances in net investment in capital assets and restricted net position, while unrestricted net position was negative. The District's net position increased by \$10,789,914 during the current fiscal year.

	Governmental Activities	
	2024	2023
Program Revenues		
Charges for services	\$ 1,689,289	\$ 1,543,669
Operating grants	24,535,715	27,047,756
General Revenues		
Property taxes	64,711,939	68,835,197
State Aid - Formula Grants	43,774,485	30,988,983
Interest earnings	14,069,154	1,942,791
Other	128,468	223,728
Total Revenues	148,909,050	130,582,124
Expenses		
Instruction	67,998,957	60,494,257
Instructional resources and media services	1,870,866	1,794,507
Curriculum and staff development	2,066,351	2,132,851
Instructional leadership	1,473,809	1,212,978
School leadership	6,519,213	5,534,766
Guidance, counseling, and evaluation services	5,250,153	4,667,098
Health services	1,250,375	1,090,258
Student transportation	3,353,275	3,228,638
Food service	5,839,978	5,914,933
Extracurricular activities	2,728,562	2,584,272
General administration	4,059,006	4,293,402
Facilities maintenance and operations	12,260,757	11,951,884
Security and monitoring services	1,533,073	1,220,924
Data processing services	2,950,260	3,059,522
Community services	34,908	43,443
Interest on long-term debt	15,392,141	6,369,815
Bond issuance costs and fees	2,120,964	386,896
Capital outlay	19,912	37,456
Other intergovernmental charges	1,396,576	1,296,976
Total Expenses	138,119,136	117,314,876
Increase (Decrease) in Net Position	10,789,914	13,267,248
Beginning Net Position	31,828,167	18,560,919
Ending Net Position	\$ 42,618,081	\$ 31,828,167

Governmental Activities

Governmental activities increased the District's net position by \$10,789,914. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent \$133,022,139 of total revenues. The remaining \$15,886,911 is generated from charges for services, investment earnings, and miscellaneous revenues.

	<u>Total Revenues</u>	<u>% of Total Revenues</u>
Property taxes	\$ 64,711,939	43%
State aid - formula grants	43,774,485	29%
Operating grants and contributions	24,535,715	17%
Charges for services	1,689,289	1%
Other revenue	14,197,622	10%
Total Revenues	<u><u>\$ 148,909,050</u></u>	<u><u>100%</u></u>

State aid increased \$12.8 million due to lower local tax collections.

The primary functional expenses of the District are instruction, facilities maintenance and operations, food services, and interest on long-term debt, which represent 74% of total expenses. The remaining individual functional categories of expenses are each less than 5% of total expenses.

	<u>Total Expenses</u>	<u>% of Total Expenses</u>
Instruction	\$ 67,998,957	49%
Facilities maintenance and operations	12,260,757	9%
Food services	5,839,978	4%
Interest on long-term debt	15,392,141	11%
Other expenses	36,627,303	27%
Total Expenses	<u><u>\$ 138,119,136</u></u>	<u><u>100%</u></u>

Financial Analysis of the Government's Funds

As noted earlier, the District uses funds accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the current fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$293,499,212, an increase of \$245,963,112 in comparison with the prior fiscal year. The increase in ending governmental fund balances is primarily due to the issuance of bonds.

The *general fund* is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$18,720,291, while total fund balance was \$19,348,853. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19.6% of total general fund expenditures, while total fund balance represents 20.2% of that same amount. The fund balance of the District's general fund decreased by \$7,978,821 during the current fiscal year.

The *debt service fund* has a total fund balance of \$24,111,039, all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year of \$10,532,767 was in line with budgeted expectations.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	Budget	
	Original	Final Amended
Total revenues	\$ 91,667,695	\$ 91,667,695
Total expenditures	91,879,857	97,726,136
Other sources (uses)	-	-
Net change in fund balance	\$ (212,162)	\$ (6,058,441)

The review of the amended budget versus actual for the general fund reflected that revenues were less than budgetary estimates and expenditures were less than budgetary estimates.

Capital Assets and Long-term Liabilities

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2024 includes land, buildings and improvements and furniture and equipment. The investment in capital assets as of June 30, 2024 was \$258,036,563. The following table summarizes the investment in capital assets as of June 30, 2024 and 2023.

	2024	2023
Land	\$ 6,164,564	\$ 6,164,564
Construction in progress	23,164,784	6,623,498
Building and improvements	293,751,984	286,842,722
Furniture and equipment	34,583,711	32,530,216
Total	357,665,043	332,161,000
Accumulated depreciation	(99,628,480)	(92,345,201)
Net capital assets	\$ 258,036,563	\$ 239,815,799

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Liabilities

At the end of the current fiscal year, the District had \$499,841,489 in bonds and other long-term debt (including accreted interest on bonds) versus \$246,451,998 in the prior year, an increase of \$253,389,491. The District’s general obligation bond rating is “AAA” according to national rating agencies. This is the result of guarantees of the Texas Permanent School Fund.

Changes in long-term debt for the year ended June 30, 2024 are as follows:

	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Retired/ Refunded</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable					
Carrying value	\$ 177,025,000	\$ 253,240,000	\$ 22,065,000	\$ 408,200,000	\$ 8,475,000
Unamortized premium (discount)	22,118,304	23,530,354	4,139,339	41,509,319	2,326,789
Total bonds payable	199,143,304	276,770,354	26,204,339	449,709,319	10,801,789
Accreted interest payable	2,464,117	127,040	2,591,157	-	-
Vested sick leave benefits	524,673	-	17,026	507,647	17,026
Net pension liability	28,633,643	6,178,711	-	34,812,354	-
Net other post-employment benefits (OPEB)	15,686,261	-	874,092	14,812,169	-
	<u>\$ 246,451,998</u>	<u>\$ 283,076,105</u>	<u>\$ 29,686,614</u>	<u>\$ 499,841,489</u>	<u>\$ 10,818,815</u>

Additional information on the District’s long-term liabilities can be found in the notes to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for Sherman-Denison was 4.1% in June 2024, compared to 2.7% in June 2023. The current rate is higher than the overall State of Texas’ unemployment rate of 4.0%.
- The District’s combined tax rate was \$1.2365 per \$100 of assessed property value in the 2023-24 fiscal year. The combined tax rate will decrease to \$1.2342 for next year (2024-25 fiscal year) due to rate compression required by state funding legislation.
- The local certified property values in July 2024 are estimated at \$8,014,198,351, compared to \$5,927,520,723 in the prior year.
- The District’s student attendance rate in 2023-24 was 92.9%, compared to 92.7% in the prior year.
- The District’s 2024-2025 adopted budget for the General Fund includes total revenues of \$94.9 million and total expenditures of \$96.9 million.

Requests for Information

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 District’s Chief Financial Officer at the following address:

2701 Loy Lake Road
Sherman, TX 75090
Telephone: (903) 891-6400

BASIC FINANCIAL STATEMENTS

SHERMAN 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	\$ 289,176,875
1120 Current Investments	303,357
1220 Property Taxes - Delinquent	3,966,031
1230 Allowance for Uncollectible Taxes	(494,450)
1240 Due from Other Governments	18,220,685
1300 Inventories	318,747
1410 Prepayments	309,815
Capital Assets:	
1510 Land	6,164,564
1520 Buildings, Net	220,195,737
1530 Furniture and Equipment, Net	8,511,478
1580 Construction in Progress	23,164,784
1000 Total Assets	569,837,623
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Resource Outflows Related to TRS Pension	15,096,036
1706 Deferred Resource Outflows Related to TRS OPEB	7,975,849
1700 Total Deferred Outflows of Resources	23,071,885
LIABILITIES	
2110 Accounts Payable	8,422,105
2140 Accrued Interest Payable	7,452,807
2150 Payroll Deductions and Withholdings	475,347
2160 Accrued Wages Payable	5,084,937
2177 Due to Fiduciary Funds	123,053
2300 Unearned Revenue	1,316,925
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc.	10,818,815
	Due in More than One Year:
2502 Bonds, Notes, Loans, Leases, etc.	439,398,150
2540 Net Pension Liability (District's Share)	34,812,354
2545 Net OPEB Liability (District's Share)	14,812,169
2000 Total Liabilities	522,716,662
DEFERRED INFLOWS OF RESOURCES	
2602 Deferred Gain on Bond Refundings	1,387,606
2605 Deferred Resource Inflows Related to TRS Pension	2,305,587
2606 Deferred Resource Inflows Related to TRS OPEB	23,881,572
2600 Total Deferred Inflows of Resources	27,574,765
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	54,740,960
3820 Restricted for Federal and State Programs	1,700,493
3850 Restricted for Debt Service	17,646,939
3900 Unrestricted	(31,470,311)
3000 Total Net Position	\$ 42,618,081

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

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

Data Control Codes	1	Program Revenues		6	
		3	4		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 67,998,957	\$ 610,858	\$ 12,918,074	\$ (54,470,025)
12	Instructional Resources and Media Services	1,870,866	22,369	112,582	(1,735,915)
13	Curriculum and Instructional Staff Development	2,066,351	-	1,394,146	(672,205)
21	Instructional Leadership	1,473,809	-	258,852	(1,214,957)
23	School Leadership	6,519,213	-	364,305	(6,154,908)
31	Guidance, Counseling, and Evaluation Services	5,250,153	-	1,801,736	(3,448,417)
33	Health Services	1,250,375	-	69,900	(1,180,475)
34	Student (Pupil) Transportation	3,353,275	-	540,874	(2,812,401)
35	Food Services	5,839,978	449,220	5,119,374	(271,384)
36	Extracurricular Activities	2,728,562	599,017	63,415	(2,066,130)
41	General Administration	4,059,006	-	252,350	(3,806,656)
51	Facilities Maintenance and Operations	12,260,757	7,825	1,462,462	(10,790,470)
52	Security and Monitoring Services	1,533,073	-	73,129	(1,459,944)
53	Data Processing Services	2,950,260	-	69,608	(2,880,652)
61	Community Services	34,908	-	34,908	-
72	Debt Service - Interest on Long-Term Debt	15,392,141	-	-	(15,392,141)
73	Debt Service - Bond Issuance Cost and Fees	2,120,964	-	-	(2,120,964)
81	Capital Outlay	19,912	-	-	(19,912)
99	Other Intergovernmental Charges	1,396,576	-	-	(1,396,576)
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 138,119,136	\$ 1,689,289	\$ 24,535,715	(111,894,132)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	39,682,982
DT	Property Taxes, Levied for Debt Service	25,028,957
SF	State Aid - Formula Grants	43,774,485
GC	Grants and Contributions not Restricted	60,230
IE	Investment Earnings	14,069,154
MI	Miscellaneous Local and Intermediate Revenue	68,238
TR	Total General Revenues	122,684,046
CN	Change in Net Position	10,789,914
NB	Net Position - Beginning	31,828,167
NE	Net Position - Ending	\$ 42,618,081

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

SHERMAN 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	\$ 13,368,782	\$ 16,540,852	\$ 259,267,241
1120 Investments - Current	266,791	-	-
1220 Property Taxes - Delinquent	2,587,120	1,378,911	-
1230 Allowance for Uncollectible Taxes	(320,776)	(173,674)	-
1240 Due from Other Governments	13,488,220	1,018,711	-
1260 Due from Other Funds	4,322,600	6,334,946	-
1300 Inventories	318,747	-	-
1410 Prepayments	309,815	-	-
1000 Total Assets	<u>\$ 34,341,299</u>	<u>\$ 25,099,746</u>	<u>\$ 259,267,241</u>
LIABILITIES			
2110 Accounts Payable	\$ 532,117	\$ -	\$ 7,143,320
2150 Payroll Deductions and Withholdings Payable	405,234	-	-
2160 Accrued Wages Payable	4,744,889	-	-
2170 Due to Other Funds	7,419,432	-	4,322,600
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>13,101,672</u>	<u>-</u>	<u>11,465,920</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	1,890,774	988,707	-
2600 Total Deferred Inflows of Resources	<u>1,890,774</u>	<u>988,707</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	318,747	-	-
3430 Prepaid Items	309,815	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	247,301,321
3480 Retirement of Long-Term Debt	-	24,111,039	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	18,720,291	-	-
3000 Total Fund Balances	<u>19,348,853</u>	<u>24,111,039</u>	<u>247,801,321</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 34,341,299</u>	<u>\$ 25,099,746</u>	<u>\$ 259,267,241</u>

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

Other Funds	Total Governmental Funds
\$ -	\$ 289,176,875
36,566	303,357
-	3,966,031
-	(494,450)
3,713,754	18,220,685
3,622,174	14,279,720
-	318,747
-	309,815
<u>\$ 7,372,494</u>	<u>\$ 326,080,780</u>
\$ 746,668	\$ 8,422,105
70,113	475,347
340,048	5,084,937
2,660,741	14,402,773
1,316,925	1,316,925
<u>5,134,495</u>	<u>29,702,087</u>
-	2,879,481
<u>-</u>	<u>2,879,481</u>
-	318,747
-	309,815
1,700,493	1,700,493
-	247,801,321
-	24,111,039
537,506	537,506
-	18,720,291
<u>2,237,999</u>	<u>293,499,212</u>
<u>\$ 7,372,494</u>	<u>\$ 326,080,780</u>

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SHERMAN 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	\$	293,499,212
1 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.		357,665,043
2 Accumulated depreciation is not reported in the fund financial statements.		(99,628,480)
3 Bonds payable are not reported in the fund financial statements.		(408,200,000)
4 Bond premiums and discounts on outstanding bonds payable are not reported in the fund financial statements.		(41,509,318)
5 Vested sick leave benefits payable are not reported in the fund financial statements.		(507,647)
6 Revenue from property taxes reported as unavailable revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.		2,879,481
7 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.		(7,452,807)
8 The deferred gain on bond refundings is not recorded in the fund financial statements, but is shown as a deferred inflow of resources in the government-wide financial statements.		(1,387,606)
9 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$34,812,354, Deferred Inflows of Resources related to TRS in the amount of \$2,305,587, and Deferred Outflows of Resources related to TRS in the amount of \$15,096,036. This results in a decrease in Net Position in the amount of \$22,021,905.		(22,021,905)
10 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$14,812,169, a Deferred Resource Inflow related to TRS OPEB in the amount of \$23,881,571, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$7,975,849. This results in a net decrease in Net Position in the amount of \$30,717,892.		(30,717,892)
29 Net Position of Governmental Activities	\$	42,618,081

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

SHERMAN 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	\$ 40,325,684	\$ 25,547,908	\$ 12,320,172
5800 State Program Revenues	46,891,925	2,426,650	-
5900 Federal Program Revenues	508,757	-	-
5020 Total Revenues	<u>87,726,366</u>	<u>27,974,558</u>	<u>12,320,172</u>
EXPENDITURES:			
Current:			
0011 Instruction	55,278,398	-	444,372
0012 Instructional Resources and Media Services	1,094,123	-	-
0013 Curriculum and Instructional Staff Development	761,945	-	-
0021 Instructional Leadership	1,271,655	-	-
0023 School Leadership	6,065,620	-	-
0031 Guidance, Counseling, and Evaluation Services	3,688,984	-	-
0033 Health Services	1,199,284	-	-
0034 Student (Pupil) Transportation	3,160,923	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	2,360,649	-	-
0041 General Administration	3,736,010	-	156,280
0051 Facilities Maintenance and Operations	12,244,289	-	-
0052 Security and Monitoring Services	1,248,031	-	430,209
0053 Data Processing Services	2,249,145	-	-
0061 Community Services	-	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	5,035,000	-
0072 Interest on Long-Term Liabilities	-	16,162,779	-
0073 Bond Issuance Cost and Fees	-	191,819	1,929,145
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	21,295,123
Intergovernmental:			
0099 Other Intergovernmental Charges	1,396,576	-	-
6030 Total Expenditures	<u>95,755,632</u>	<u>21,389,598</u>	<u>24,255,129</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,029,266)</u>	<u>6,584,960</u>	<u>(11,934,957)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued	-	15,665,000	237,575,000
7912 Sale of Real and Personal Property	50,445	-	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	5,483,107	18,047,246
8911 Transfers Out (Use)	-	-	-
8949 Other (Uses)	-	(17,200,300)	-
7080 Total Other Financing Sources (Uses)	<u>50,445</u>	<u>3,947,807</u>	<u>255,622,246</u>
1200 Net Change in Fund Balances	<u>(7,978,821)</u>	<u>10,532,767</u>	<u>243,687,289</u>
0100 Fund Balance - July 1 (Beginning)	<u>27,327,674</u>	<u>13,578,272</u>	<u>4,114,032</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 19,348,853</u>	<u>\$ 24,111,039</u>	<u>\$ 247,801,321</u>

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

	Other Funds	Total Governmental Funds
\$	1,673,416	\$ 79,867,180
	1,952,583	51,271,158
	17,070,453	17,579,210
	20,696,452	148,717,548
	9,937,983	65,660,753
	77,724	1,171,847
	1,363,556	2,125,501
	190,235	1,461,890
	17,454	6,083,074
	1,584,290	5,273,274
	3,817	1,203,101
	-	3,160,923
	5,954,069	5,954,069
	490,259	2,850,908
	88,351	3,980,641
	1,135,302	13,379,591
	95,828	1,774,068
	799	2,249,944
	34,908	34,908
	-	5,035,000
	-	16,162,779
	-	2,120,964
	-	21,295,123
	-	1,396,576
	20,974,575	162,374,934
	(278,123)	(13,657,386)
	-	253,240,000
	-	50,445
	93,449	93,449
	-	23,530,353
	(93,449)	(93,449)
	-	(17,200,300)
	-	259,620,498
	(278,123)	245,963,112
	2,516,122	47,536,100
\$	2,237,999	\$ 293,499,212

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SHERMAN 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	\$ 245,963,112
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of reclassifying the current year capital asset additions increases government-wide net position.	26,045,774
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(7,710,360)
Current year long-term debt principal payments on bonds payable are expenditures in the fund financial statements, but are shown as reductions of long-term debt in the government-wide financial statements.	5,035,000
The current year decrease in accreted interest payable on capital appreciation bonds is not recorded in the fund financial statements. The net effect of the current year's change in accreted interest payable on capital appreciation bonds is to increase government-wide net position.	2,464,117
The current year decrease in vested sick leave benefits payable is not recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements.	17,026
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements.	2,639,087
Current year amortization of the deferred gain on bond refundings is not reflected in the fund financial statements, but is shown as a reduction of the deferred gain in the government-wide financial statements.	142,086
Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements.	(4,474,652)
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible amounts in the government-wide financial statements.	682,025
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS contributions made after the measurement date of 8/31/2023 caused the change in the ending net position to increase by \$333,342. These contributions were replaced with the District's pension expense for the year of \$3,883,584, which caused a decrease in the change in net position. The total effect of these is to decrease the change in net position by \$3,550,242.	(3,550,242)

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

SHERMAN 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

The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2023 but during the current fiscal year caused the ending net position to increase in the amount of \$51,388. These contributions were replaced with the District's negative OPEB expense for the year of \$3,170,256 which caused an increase in the change in net position. The total effect of these is to increase the change in net position by \$3,221,644.	3,221,644
The fund financial statements reflect only the proceeds from the sale of capital assets. The cost of those assets, net of accumulated depreciation, is recorded in the government-wide financial statements.	(114,650)
Current year issuances of capital related bonds are shown as other financing resources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(237,575,000)
The premiums on the current year issuances of capital related bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(21,933,928)
Current year issuances of refunding bonds are shown as other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(15,665,000)
The premiums on the current year issuances of refunding bonds are recorded as other financing sources in the fund financial statements, but are shown as an increase in long-term debt in the government-wide financial statements.	(1,596,425)
The current year payment to the escrow agent for defeased debt is an other financing use in the fund financial statements, but is reported as a reduction in long-term debt in the government-wide financial statements.	17,200,300
Change in Net Position of Governmental Activities	<u><u>\$ 10,789,914</u></u>

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

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

	Custodial Fund
<hr/>	
ASSETS	
Due from Other Funds	\$ 123,053
Total Assets	<u>123,053</u>
LIABILITIES	
Accounts Payable	<u>14,927</u>
Total Liabilities	<u>14,927</u>
NET POSITION	
Unrestricted Net Position	<u>108,126</u>
Total Net Position	<u><u>\$ 108,126</u></u>

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

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

	Custodial Fund
ADDITIONS:	
Contributions to Student Groups	\$ 110,406
Total Additions	110,406
DEDUCTIONS:	
Supplies and Materials	117,193
Total Deductions	117,193
Change in Fiduciary Net Position	(6,787)
Total Net Position - July 1 (Beginning)	114,913
Total Net Position - June 30 (Ending)	\$ 108,126

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

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sherman Independent School District's (the "District") combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (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, 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 of trustees is elected by the public. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, Sherman Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. The District had no business-type activities.

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

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused debt service fund balances are transferred to the General Fund after all of the related debt obligations have been met.
3. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings 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 types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Fiduciary Funds** - These funds are used to account for activities of student groups and other organizational activities on a fiduciary basis.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fiduciary fund financial statements (except agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 60 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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.

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to 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.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

SHERMAN INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

D. BUDGETARY CONTROL

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 20 of the preceding fiscal year for the subsequent fiscal period beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Food Service Fund. The other special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

June 30, 2024	
<u>Fund Balance</u>	
Appropriated Budget Funds - Food Service Special Revenue Fund	\$1,700,493
Nonappropriated Budget Funds	<u>537,506</u>
All Special Revenue Funds	<u>\$2,237,999</u>

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. The District had no material encumbrances outstanding at June 30, 2024.

F. INVENTORIES AND PREPAID ITEMS

The consumption method is used to account for inventories of paper and other supplies. Under this method, these items are charged to expenditures when consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

G. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as “Due to/from other funds”. Interfund loans are classified as “Advances to/from other funds” and are offset by a fund balance reserve account.

H. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	15-50 Years
Vehicles	7-12 Years
Equipment	5-12 Years

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A deferred outflow of resources is a consumption of a government’s net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 5.6705 years.

A deferred outflow for pension expense results from payments made to the TRS pension plan by the District after the plan’s measurement date. The amount of deferred outflows reported in the statement of net position for deferred pension expenses at June 30, 2024 was \$15,096,036.

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Deferred outflows of resources for OPEB - Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.2215 years. The amount of deferred outflows reported in the statement of net position for deferred OPEB expense at June 30, 2024 was \$7,975,849.

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at June 30, 2024 was \$2,879,481.

Deferred inflows of resources for pension - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period. In fiscal year 2024, the District reported deferred inflows of resources for pensions in the statement of net position in the amount of \$2,305,587.

Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (9.2215 years for the 2023 measurement year). In fiscal year 2024, the District reported deferred inflows of resources for OPEB in the statement of net position in the amount of \$23,881,572.

Deferred inflows of resources for refunding - Reported in the government-wide statement of net position, the deferred gain on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred inflows reported in the governmental activities for the deferred gain on bond refundings at June 30, 2024 was \$1,387,606.

J. CASH EQUIVALENTS

Investments are considered to be cash equivalents if they are highly liquid and have a maturity of three months or less when purchased.

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

K. NET POSITION

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciations, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

L. LONG-TERM OBLIGATIONS

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. Bond premiums and discounts are recorded and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. 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.

M. VACATION AND SICK LEAVE

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated and may be paid to retiring employees. See Note 5.

N. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2024, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. FUND BALANCES

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital projects resources are restricted for future capital outlay. The fund balance of certain grant programs is restricted for those grant programs.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. The Board of Trustees have committed resources as of June 30, 2024 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, only the Board of Trustees may assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has not assigned any fund balance as of June 30, 2024.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance of the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

The details of the fund balances are included in the Governmental Funds Balance Sheet and are described below:

General Fund

The General Fund has unassigned fund balance of \$18,720,291 at June 30, 2024. Inventories of \$318,747 and prepaid items of \$309,815 are considered nonspendable fund balance.

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Debt Service Fund

The Debt Service Fund has restricted funds of \$24,111,039 at June 30, 2024 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

Capital Projects Fund

The Capital Projects Fund has restricted funds of \$247,801,321 at June 30, 2024 consisting primarily of remaining bond issuance proceeds that are restricted for construction and other capital outlay expenditures.

Other Funds

The fund balance of \$502,240 of the Campus Activity Fund and \$35,266 of the Scholarship Fund (both special revenue funds) are committed due to Board policy committing those funds to campus activities and scholarships. The Special Revenue Funds include \$1,700,493 of fund balance restricted for Federal or State grant programs.

NOTE 3. DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At June 30, 2024, the carrying amount of the District's deposit checking accounts and interest-bearing demand accounts was \$9,460,389 and the bank balance was \$9,466,490. The District's cash deposits at June 30, 2024 were entirely covered by FDIC insurance, by pledged collateral or by letters of credit held by the District's agent bank in the District's name. During the year ended June 30, 2024, District deposits were not fully collateralized for one day during the year.

2. Investments:

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

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

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

- a. Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, the District's cash deposits totaled \$9,466,490. This entire amount was either collateralized with securities held by the District's agent, letters of credit or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk as of June 30, 2024.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2024, the District held investments in six public funds investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for all investment pools at year-end was AAAM (Standard & Poor's).
- d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for each investment pool is less than 90 days.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2024, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. The District's investments in public funds investment pools are not subject to the concentration risk. At June 30, 2024, the District's investments were not exposed to concentration of credit risk.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. 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 AAAM 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.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

The District's cash and investments at June 30, 2024, are shown below:

	Fair Market Value	Weighted Average Maturity (Days)
Governmental Activities		
Cash and deposits	\$ 9,460,389	N/A
<i>Investments</i>		
Local Government Investments Pools		
LOGIC	790,080	71
Lone Star	21,187,739	60
TexasDaily	673,115	60
TexPool	257,065,242	60
TexSTAR	310	47
CD's		
Independent Bank	266,791	365
Total Investments	279,983,277	
Total Governmental Activities	289,443,666	
 Scholarship Fund		
CD-Bank of Texas	36,566	365
Total Scholarship Fund	36,566	
 Total	 \$ 289,480,232	

The amount of interest earned on the District's cash and investments for the fiscal year ended June 30, 2024, was \$14,069,154.

Fair Value Measurements

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

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

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Assets and Liabilities Measured at Fair Value on a Recurring Basis

<u>Investments by Fair Value level:</u>	<u>Fair Value Measurements Using</u>			
	<u>Balance at 6/30/24</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates of Deposit	<u>\$303,357</u>	<u>\$ -</u>	<u>\$303,357</u>	<u>\$ -</u>

The fair value of the certificates of deposit at June 30, 2024 was determined based on level 2 inputs. The District estimates the fair value of these investments using inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The District's investments in Pool's (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Balance July 1</u>	<u>Additions/ Completions</u>	<u>Retirement/ Adjustments</u>	<u>Balance June 30</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 6,164,564	\$ -	\$ -	\$ 6,164,564
Construction in progress	6,623,498	16,541,286	-	23,164,784
Total capital assets not being depreciated	12,788,062	16,541,286	-	29,329,348
Capital assets, being depreciated				
Buildings and improvements	286,842,722	6,909,262	-	293,751,984
Furniture and equipment	32,530,216	2,595,226	(541,731)	34,583,711
Total capital assets being depreciated	319,372,938	9,504,488	(541,731)	328,335,695
Less accumulated depreciation for:				
Buildings and improvements	(67,696,503)	(5,859,744)	-	(73,556,247)
Furniture and equipment	(24,648,698)	(1,850,616)	427,081	(26,072,233)
Total accumulated depreciation	(92,345,201)	(7,710,360)	427,081	(99,628,480)
Total capital assets, being depreciated, net	227,027,737	1,794,128	(114,650)	228,707,215
Governmental activities capital assets, net	\$239,815,799	\$ 18,335,414	\$ (114,650)	\$258,036,563

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$3,533,741
Instructional Resources & Media Services	688,397
Instructional Leadership	21,491
School Leadership	404,718
Guidance, Counseling & Eval.	61,942
Health Services	37,989
Student (Pupil) Transportation	421,543
Food Services	312,220
Extracurricular Activities	357,074
General Administration	87,439
Plant Maintenance and Operations	845,689
Security and Monitoring Services	20,054
Data Processing Services	<u>918,063</u>
Total depreciation expense-Governmental activities	<u>\$7,710,360</u>

NOTE 5. LONG-TERM LIABILITIES

Long-term liabilities includes par bonds, capital appreciation (deep discount) serial bonds, vested sick leave benefits payable, and the District's net pension liability. All long-term debt represents transactions in the District's governmental activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

The following schedule indicates the changes in long-term debt during the year ended June 30, 2024:

	<u>Balance</u> <u>7/1/2023</u>	<u>Additions</u>	<u>Retired/ Refunded</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable					
Carrying value	\$ 177,025,000	\$ 253,240,000	\$ 22,065,000	\$ 408,200,000	\$ 8,475,000
Unamortized premium (discount)	22,118,304	23,530,353	4,139,339	41,509,318	2,326,789
Total bonds payable	199,143,304	276,770,353	26,204,339	449,709,318	10,801,789
Accreted interest payable	2,464,117	127,040	2,591,157	-	-
Vested sick leave benefits	524,673	-	17,026	507,647	17,026
Net pension liability	28,633,643	6,178,711	-	34,812,354	-
Net other post-employment benefits (OPEB)	15,686,261	-	874,092	14,812,169	-
	<u>\$246,451,998</u>	<u>\$283,076,104</u>	<u>\$ 29,686,614</u>	<u>\$ 499,841,488</u>	<u>\$10,818,815</u>

Current requirements for principal and interest expenditures (bonds payables and accreted interest payable) are accounted for in the Debt Service Fund. Total interest cost incurred by the District during the year ended June 30, 2024 was \$20,637,431; this entire amount was charged to expense in the statement of activities. Liquidations of vested sick leave benefits are accounted for in the General Fund.

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

BONDS PAYABLE

The following is a summary of the District’s bonds outstanding as of June 30, 2024:

Issue	Interest Rates	Final Maturity	Amounts Original Issue	Amounts Outstanding July 1, 2023	Issued	Retired/ Refunded	Amounts Outstanding June 30, 2024
Refunding Bonds, Series 1998	3.8-5%	2024	\$11,696,357	\$ 740,000	\$ -	\$ 740,000	\$ -
Refunding Bonds, Series 2014	1-5%	2032	15,760,000	1,265,000	-	815,000	450,000
School Building Bonds, Series 2018-A	3-5%	2045	121,260,000	121,125,000	-	800,000	120,325,000
School Building Bonds, Series 2018-B	3%	2049	39,675,000	17,030,000	-	17,030,000	-
Refunding Bonds, Series 2021-A	1.82-4%	2032	30,375,000	29,175,000	-	1,440,000	27,735,000
Refunding Bonds, Series 2021-B	3-4%	2030	7,720,000	7,690,000	-	-	7,690,000
Refunding Bonds, Series 2023-A	5%	2032	15,665,000	-	15,665,000	1,240,000	14,425,000
School Building Bonds, Series 2023-B	5%	2053	237,575,000	-	237,575,000	-	237,575,000
				<u>\$ 177,025,000</u>	<u>\$ 253,240,000</u>	<u>\$ 22,065,000</u>	<u>\$ 408,200,000</u>

DEBT ISSUANCE AND REFUNDINGS

In July 2023, the District issued \$15,665,000 (par value) in Unlimited Tax Refunding Bonds to advance refund \$17,030,000 (par value) of outstanding bonds. The net proceeds of \$17,200,300 (\$15,665,000 par amount of the bonds plus \$1,596,424 of premium paid on the bonds plus \$127,620 of District funds less \$188,744 of underwriting fees and other issuance costs) were used to purchase U.S. and State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds was removed from the long-term debt of the District. The refunded bonds were repaid August 1, 2023, the call date of the bonds. The reacquisition price was less than the net carrying amount of the old debt by \$1,329,952. This amount is being amortized over the life of the new refunding debt, which is shorter than the life of the old refunded debt. In addition, the refunding resulted in an economic gain of \$3,644,958 (the present value of debt service savings).

In August 2023, the District issued \$237,575,000 (par value) in Unlimited Tax School Building Bonds to provide funds for future construction and other capital projects. The net proceeds of \$253,710,000 (\$237,575,000 par amount of the bonds plus \$21,933,929 of premium paid on the bonds less \$1,912,243 of underwriting fees and other issuance costs) were deposited to the District’s Capital Projects Fund. Excess proceeds of \$3,853,686 were deposited to the District’s Debt Service Fund.

ACCRETED INTEREST PAYABLE

The Premium Capital Appreciation Bonds (Series 1998) discussed on the previous pages are zero-coupon bonds with deep discounts. The difference between the initial price of the bonds and their maturity value represents interest. This interest is accreted over the term of the bonds and is recorded as a liability in the District’s financial statements. The following schedule summarizes the changes in accreted interest payable during the year ended June 30, 2024.

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	Balance July 1, 2023	Additions	Retired	Balance June 30, 2024
Accreted Interest Payable	\$ 2,464,117	\$ 127,040	\$ 2,591,157	\$ -

Accreted interest payable of \$2,591,157 was paid by the Debt Service Fund during the year ended June 30, 2024.

DEBT SERVICE REQUIREMENTS

Bonds payable debt service requirements are as follows:

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
<u>June 30,</u>			
2025	\$ 8,475,000	\$ 19,947,218	\$ 28,422,218
2026	9,245,000	19,604,218	28,849,218
2027	10,850,000	19,207,268	30,057,268
2028	13,010,000	18,710,668	31,720,668
2029	15,280,000	18,095,268	33,375,268
2030-2034	73,985,000	79,302,104	153,287,104
2035-2039	70,340,000	62,656,250	132,996,250
2040-2044	90,325,000	43,172,500	133,497,500
2045-2049	116,690,000	30,111,750	146,801,750
Thereafter	-	-	-
	\$ 408,200,000	\$ 310,807,244	\$ 719,007,244

ACCUMULATED UNPAID VACATION AND SICK-LEAVE BENEFITS

Employment contracts specify the days to be worked for all District employees except for mechanics, maintenance and custodial employees. Annual compensation is deemed to be directly attributable to the days specified in the contract. Mechanics, maintenance and custodial employees all begin their vacation on July 1 of each year. If employed on or before November 30 of the previous year, the employees are entitled to two weeks of vacation, or one week of vacation if employed between November 30 and February 28. As of June 30, 2024, the accumulated unpaid vacation leave of the District is considered to be immaterial.

Teachers and administrators of the District annually accrue five days of sick-leave benefits provided by the State and 5 days provided by the District. Accumulation and carryover is unlimited by the State but limited to 100 days by the District. At retirement, State-mandated days lapse while unused District days become 25% vested and payable at the most recent rate of pay.

Paraprofessional and auxiliary employees annually accrue 5 days of sick-leave benefits provided by the District and 5 days provided by the State. Accumulation and carryover of District provided days is limited to 100 days that, upon retirement, become 25% vested and payable at the most recent rate of pay.

At June 30, 2024, the District estimates that sick-leave benefits of \$507,647 are vested for employees eligible to retire. This amount has been recorded as a liability in the District's government-wide financial statements.

SHERMAN INDEPENDENT SCHOOL DISTRICT
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NOTE 6. DEFERRED GAIN ON BOND REFUNDINGS

The District's deferred gain on bond refundings are as follows:

Balance – Deferred gain at June 30, 2023	\$ (199,740)
Current year deferred gain on bond refundings	(1,329,952)
Current period amortization	<u>142,086</u>
Balance – Deferred gain at June 30, 2024	<u><u>\$(1,387,606)</u></u>

NOTE 7. LEASES

In June 2017, GASB issued Statement No. 87 - Leases. This statement increases the usefulness of governments' financial statements by requiring 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 initial adoption date was postponed to fiscal years beginning after June 15, 2021 (FY2022) by GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance, which was issued in May of 2020.

Per review of the agreements identified by the District as potential leases, the leases were determined to either not meet the definition of a lease or were immaterial to the financial statements.

NOTE 8. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) 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 upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2022-23 fiscal period was based was \$5,463,626,208. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the period ended June 30, 2024, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.7575 and \$0.479 per \$100 valuation, respectively, for a total of \$1.2365 per \$ 100 valuation.

Current tax collections for the period ended June 30, 2024 were 96.81% of the June 30, 2024 adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of June 30, 2024, property taxes and penalty and interest receivable, net of estimated uncollectible taxes, totaled \$1,890,774 and \$988,707 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected.

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NOTE 9. INTERFUND BALANCES AND ACTIVITIES

Interfund receivables and payables at June 30, 2024 represented short-term advances between funds. These amounts are expected to be repaid in less than one year from June 30, 2024.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General Fund:		
Debt Service Fund	\$ 6,334,946	\$ -
Capital Projects Fund	-	4,322,600
Non-Major Special Revenue Fund	2,660,743	3,745,228
Fiduciary Funds	-	123,053
Debt Service Fund:		
General Fund	-	6,334,946
Capital Projects Fund:		
General Fund	<u>4,322,600</u>	<u>-</u>
Total Major Governmental Funds	<u>13,318,289</u>	<u>14,525,827</u>
Nonmajor Governmental Funds:		
Special Revenue Funds:		
General Fund	<u>3,745,228</u>	<u>2,660,743</u>
Total Nonmajor Governmental Funds	<u>3,745,228</u>	<u>2,660,743</u>
Fiduciary Funds:		
General Fund	<u>123,053</u>	<u>-</u>
Total	<u>\$ 17,186,570</u>	<u>\$ 17,186,570</u>

There were no transfers between funds during the year ended June 30, 2024.

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description. Sherman 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 work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

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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://trs.texas.gov/pages/aboutpublications.aspx>, by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512)542-6592.

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 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 this 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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 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%
Sherman ISD FY2024 Employer Contributions	\$	2,940,268
Sherman ISD FY2024 Member Contributions	\$	5,711,734
Sherman ISD FY2024 NECE On-Behalf Contributions	\$	3,958,056

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 the 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 amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

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- 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 source or a privately sponsored source, from non-educational and general, or local funds.
- All public schools must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2023 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 2023	4.13%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

The actuarial methods and assumptions are 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 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 gradually 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 rate of return on pension plan investments is 7.00%.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.0%	1.00%
Non-U.S. Developed	13%	4.5%	0.90%
Emerging Markets	9%	4.8%	0.70%
Private Equity	14%	7.0%	1.50%
Stable Value			
Government Bonds	16%	2.5%	0.50%
Absolute Return ⁴	0%	3.6%	0.00%
Stable Value Hedge Funds	5%	4.1%	0.20%
Real Return			
Real Estate	15%	4.9%	1.10%
Energy, Natural Resources	6%	4.8%	0.40%
Commodities	0%	4.4%	0.00%
Risk Parity			
Risk Parity	8%	4.5%	0.40%
Leverage			
Cash	2%	3.7%	0.00%
Asset Allocation Leverage	-6%	4.4%	-0.10%
Inflation Expectation	-		2.30%
Volatility Drag ³	-		-0.90%
Total	<u>100%</u>		<u>8.00%</u>

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Sherman ISD's proportionate share of the net pension liability:	\$52,046,351	\$34,812,354	\$20,482,236

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, Sherman Independent School District reported a liability of \$7,215,650 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Sherman Independent School District. The amount recognized by Sherman 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 Sherman Independent School District were as follows:

¹ Target allocations are based on the FY23 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023).

³ The volatility drag results from the conversion between arithmetic and geometric mean returns.

⁴ Absolute Return includes credit sensitive investments.

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District's Proportionate share of the collective net pension liability	\$34,812,354
State's proportionate share that is associated with the District	<u>47,237,093</u>
Total	<u>\$82,049,447</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 pension plan relative to the 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 pension liability was 0.0506801222%, a decrease of 5.08% from its proportionate share of 0.0482312330% at 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 elections which will be paid in January, 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

The amount of pension expense recognized by Sherman Independent School District in the reporting period was \$6,488,663.

For the year ended June 30, 2024 Sherman Independent School District recognized pension expense of \$3,958,056 and revenue of \$3,958,056 for support by the State.

At June 30, 2024, Sherman 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 (The amounts shown below will be the cumulative layers from the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,240,376	\$ 421,540
Changes in actuarial assumptions	3,292,567	805,766
Difference between projected and actual investment earnings	5,066,042	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,043,495	1,078,281
Contributions paid to TRS subsequent to the measurement date	2,453,556	-
Total	\$15,096,036	\$2,305,587

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

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Year ended June 30:	Pension Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2025	\$ 2,242,897	\$ 8,093,996
2026	1,409,980	6,684,016
2027	4,726,105	1,957,911
2028	1,696,974	260,937
2029	260,937	-
Thereafter	-	-

NOTE 11. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/pages/aboutpublications.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 schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

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

* or surviving spouse

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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 active employee compensation. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is .65% 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. The actual employer 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>Contribution Rates</u>	
	<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%
Sherman ISD FY24 Employer Contributions		\$631,281
Sherman ISD FY24 Member Contributions		\$452,275
Sherman ISD FY24 NECE On-behalf Contributions		\$818,108

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$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 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 updated based on 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 an 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	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Rates of Disability

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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 the 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%
Aging Factors	Based on specific plan experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs
Projected Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 4.13% was used to measure the total OPEB liability. There 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% less than and 1% 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%)
District’s proportionate share of the Net OPEB Liability:	\$17,445,651	\$14,812,169	\$12,663,186

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is one-percentage less than or one-percentage point greater than the health trend rates is assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District’s proportionate share of the Net OPEB Liability:	\$12,197,080	\$14,812,169	\$18,176,491

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2024, the District reported a liability of \$3,438,849 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District.

The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s Proportionate share of the collective Net OPEB Liability	\$14,812,169
State’s proportionate share that is associated with the District	<u>\$17,873,159</u>
Total	<u>\$32,685,328</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 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 0.0669074233%, a decrease of 2.13% compared to the August 31, 2022 proportionate share of 0.0655122680%.

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

- The discount rate changed from 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.

The amount of OPEB expense recognized by the District in the reporting period was \$(2,589,854).

For the year ended August 31, 2023, the District recognized OPEB expense of \$(818,108) and revenue of \$(818,108) for support provided by the State.

At June 30, 2024, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits related to OPEB from the following sources (the amounts shown below will be the cumulative layers for the current and prior years combined.):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 670,138	\$12,461,635
Changes in actuarial assumptions	2,021,753	9,069,884
Difference between projected and actual investment earnings	6,399	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	4,748,030	2,350,053
Contributions paid to TRS subsequent to the measurement date	529,529	-
Total	\$7,975,849	\$23,881,572

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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

Year ended June 30:	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2025	\$ (3,822,729)	\$ (12,612,523)
2026	(3,143,365)	(9,469,158)
2027	(2,223,619)	(7,245,539)
2028	(2,261,035)	(4,984,504)
2029	(2,317,808)	(2,666,696)
Thereafter	(2,666,696)	-

NOTE 12. SCHOOL DISTRICT RETIREE HEALTH PLAN

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 D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2024, the contribution made on behalf of the District was \$392,052.

NOTE 13. HEALTH CARE

During the period ended June 30, 2024, employees of Sherman Independent School District were covered by a health insurance plan (the Plan). The District contributed \$400 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a fully insured plan.

NOTE 14. WORKERS COMPENSATION

The District participates in the Texas Educational Insurance Association Workers Compensation Fund. The District was fully insured under a guaranteed cost contract for the 23-24 fiscal period.

NOTE 15. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation, Per Capita, Existing Debt Allotment, and Instruction Facilities Allotment Programs. Amounts due from federal and state governments in the governmental funds as of June 30, 2024, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Fund	State Entitlements	Federal Government	Local Governments	Total
General	\$ 13,212,863	\$ -	\$ 275,357	\$ 13,488,220
Special Revenue	1,587,760	2,125,994	-	3,713,754
Debt Service	1,018,711	-	-	1,018,711
	<u>\$ 15,819,334</u>	<u>\$ 2,125,994</u>	<u>\$ 275,357</u>	<u>\$ 18,220,685</u>

NOTE 16. LITIGATION AND CONTINGENCIES

Minimum foundation funding received from the Agency is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to the Agency. Federal funding for Food Services under child nutrition programs is based primarily upon the number and type of meals served and on user charges as reported to the USDA. Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made in compliance with program guidelines to the grantor agencies.

The programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, that the District has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of funding monies may be required. In the opinion of the District's administration, there are no significant contingent liabilities relating to matters of compliance and, accordingly, no provision has been made in the accompanying financial statements for such contingencies.

The Grayson Central Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future.

NOTE 17. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources in the fund-basis financial statements consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 38,978,120	\$ -	\$ 24,553,787	\$ -	\$ 63,531,907
Food Sales	-	449,220	-	-	449,220
Investment Income	837,144	86,947	824,891	12,320,172	14,069,154
Penalties, interest and other tax related income	328,778	-	169,230	-	498,008
Co-curricular student activities	156,024	612,504	-	-	768,528
Other	25,618	524,745	-	-	550,363
Total	<u>\$ 40,325,684</u>	<u>\$ 1,673,416</u>	<u>\$ 25,547,908</u>	<u>\$ 12,320,172</u>	<u>\$ 79,867,180</u>

SHERMAN INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 18. GENERAL FUND FEDERAL SOURCE REVENUES

The following federal revenue sources are reported in the District’s general fund:

Program or Source	FALN	Amount
SHARS	N/A	\$459,392
Medicaid Administrative Claiming	93.778	<u>49,365</u>
		<u>\$508,757</u>

NOTE 19. UNEARNED REVENUE

Unearned revenue at June 30, 2024 consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Student Account Balances	\$ -	\$ 24,037	\$ -	\$ 24,037
State & Federal Grant Funds	-	908,046	-	908,046
Local Grant Funds	-	<u>384,842</u>	-	<u>384,842</u>
	<u>\$ -</u>	<u>\$ 1,316,925</u>	<u>\$ -</u>	<u>\$ 1,316,925</u>

NOTE 20. CONSTRUCTION COMMITMENTS

As of June 30, 2024, the District had entered into \$104.1 million of contracts for construction and renovations throughout the District. At June 30, 2024, there was \$95.6 million remaining costs under these contracts. The projects are to be paid from Capital Projects Fund fund balance.

NOTE 21. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

In May 2020, GASB issued Statement No. 96 – Subscription-Based Information Technology Arrangements (“SBITA”). This statement increases the usefulness of governments’ financial statements by requiring recognition of certain right-to-use subscription assets and corresponding subscription liabilities for SBITAs that were previously recognized as outflows of resources based on the payment provisions of the contract. The statement is effective for fiscal years beginning after June 15, 2022.

Per review of the information technology arrangements identified by the District as potential SBITAs, the arrangements were determined to either not meet the definition of a SBITA, or were immaterial to the financial statements.

NOTE 22. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for certain Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in three functional categories in the Debt Service Fund and one functional category in the Child Nutrition Fund for the year ended June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

SHERMAN 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	\$ 53,546,670	\$ 53,546,670	\$ 40,325,684	\$ (13,220,986)
5800 State Program Revenues	37,271,025	37,271,025	46,891,925	9,620,900
5900 Federal Program Revenues	850,000	850,000	508,757	(341,243)
5020 Total Revenues	91,667,695	91,667,695	87,726,366	(3,941,329)
EXPENDITURES:				
Current:				
0011 Instruction	53,805,515	55,804,391	55,278,398	525,993
0012 Instructional Resources and Media Services	1,176,479	1,126,479	1,094,123	32,356
0013 Curriculum and Instructional Staff Development	1,070,105	769,228	761,945	7,283
0021 Instructional Leadership	1,237,706	1,287,706	1,271,655	16,051
0023 School Leadership	5,097,095	6,103,209	6,065,620	37,589
0031 Guidance, Counseling, and Evaluation Services	3,636,452	3,886,012	3,688,984	197,028
0033 Health Services	1,186,678	1,200,678	1,199,284	1,394
0034 Student (Pupil) Transportation	3,201,873	3,171,873	3,160,923	10,950
0036 Extracurricular Activities	2,094,120	2,736,446	2,360,649	375,797
0041 General Administration	3,479,744	3,929,744	3,736,010	193,734
0051 Facilities Maintenance and Operations	12,015,756	12,615,756	12,244,289	371,467
0052 Security and Monitoring Services	1,014,651	1,364,651	1,248,031	116,620
0053 Data Processing Services	2,776,963	2,276,963	2,249,145	27,818
0061 Community Services	3,000	3,000	-	3,000
Intergovernmental:				
0099 Other Intergovernmental Charges	1,850,000	1,450,000	1,396,576	53,424
6030 Total Expenditures	93,646,137	97,726,136	95,755,632	1,970,504
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,978,442)	(6,058,441)	(8,029,266)	(1,970,825)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	50,445	50,445
1200 Net Change in Fund Balances	(1,978,442)	(6,058,441)	(7,978,821)	(1,920,380)
0100 Fund Balance - July 1 (Beginning)	27,327,674	27,327,674	27,327,674	-
3000 Fund Balance - June 30 (Ending)	\$ 25,349,232	\$ 21,269,233	\$ 19,348,853	\$ (1,920,380)

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

A. Budgets and Budgetary Accounting

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the fiscal year ended June 30, 2024. During the year ended June 30, 2024, the Board of Trustees approved budget amendments increasing expenditures as follows:

	<u>General Fund</u>
Amendments Approved	\$5,846,279

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principals and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by June 30, 2024. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

SHERMAN 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)	0.050680122%	0.048231233%	0.044334465%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 34,812,354	\$ 28,633,643	\$ 11,290,419
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	47,237,093	40,828,898	18,247,530
Total	<u>\$ 82,049,447</u>	<u>\$ 69,462,541</u>	<u>\$ 29,537,949</u>
District's Covered Payroll	\$ 64,814,016	\$ 58,987,556	\$ 55,422,682
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	53.71%	48.54%	20.37%
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.

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
0.04234068%	0.0483873%	0.0418505%	0.0452307%	0.0417648%	0.04348929%	0.0292032%
\$ 22,676,804	\$ 25,153,249	\$ 23,035,540	\$ 14,462,328	\$ 15,782,292	\$ 15,372,853	\$ 7,800,579
38,169,380	37,058,375	34,797,984	21,407,421	25,489,636	24,150,807	20,857,908
\$ 60,846,184	\$ 62,211,624	\$ 57,833,524	\$ 35,869,749	\$ 41,271,928	\$ 39,523,660	\$ 28,658,487
\$ 53,229,453	\$ 49,600,611	\$ 44,238,339	\$ 45,296,346	\$ 42,125,583	\$ 40,456,183	\$ 39,293,878
42.60%	50.71%	52.07%	31.93%	37.46%	38.00%	19.85%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

SHERMAN 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	\$ 2,940,268	\$ 2,547,609	\$ 2,165,174
Contribution in Relation to the Contractually Required Contribution	(2,940,268)	(2,547,609)	(2,165,174)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 69,580,423	\$ 63,705,951	\$ 58,331,587
Contributions as a Percentage of Covered Payroll	4.23%	4.00%	3.71%

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
\$	1,794,597	\$ 1,668,719	\$ 1,589,512	\$ 1,390,560	\$ 1,450,907	\$ 1,323,576	1,190,741
	(1,794,597)	(1,668,719)	(1,589,512)	(1,390,560)	(1,450,907)	(1,323,576)	(1,190,741)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
\$	54,905,001	\$ 52,934,993	\$ 49,043,801	\$ 43,723,074	\$ 44,668,788	\$ 41,873,622	40,308,748
	3.27%	3.15%	3.24%	3.18%	3.25%	3.16%	2.95%

SHERMAN 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	0.066907423%	0.065512268%	0.06108518%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 14,812,169	\$ 15,686,261	\$ 23,563,284
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	17,873,159	19,134,774	31,569,550
Total	<u>\$ 32,685,328</u>	<u>\$ 34,821,035</u>	<u>\$ 55,132,834</u>
District's Covered Payroll	\$ 64,814,016	\$ 58,987,556	\$ 55,422,682
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	22.85%	26.59%	42.52%
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>
0.06121674%	0.0655074%	0.0583144%	0.062862%
\$ 23,271,248	\$ 30,979,237	\$ 29,116,913	\$ 27,003,071
31,270,978	41,164,478	36,763,825	33,550,536
<u>\$ 54,542,226</u>	<u>\$ 72,143,715</u>	<u>\$ 65,880,738</u>	<u>\$ 60,553,607</u>
\$ 53,229,453	\$ 49,600,611	\$ 44,238,339	\$ 45,296,346
43.72%	62.46%	65.82%	59.61%
4.99%	2.66%	1.57%	0.91%

SHERMAN 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	\$ 631,281	\$ 575,784	\$ 525,499
Contribution in Relation to the Contractually Required Contribution	(631,281)	(575,784)	(525,499)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 69,580,423	\$ 63,705,951	\$ 58,331,587
Contributions as a Percentage of Covered Payroll	0.91%	0.90%	0.90%

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
\$	460,291	\$ 447,466	\$ 434,490	\$ 357,584
	(460,291)	(447,466)	(434,490)	(357,584)
\$	-	\$ -	\$ -	\$ -
\$	54,905,001	\$ 52,934,993	\$ 49,043,801	\$ 43,723,074
	0.84%	0.85%	0.89%	0.82%

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

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 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 SCHEDULES

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

Data Control Codes	205 Head Start	206 ESSA, IX, A Homeless Children Ed.	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
ASSETS				
1120 Investments - Current	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	221,737	10,119	967,419	331,060
1260 Due from Other Funds	-	-	-	-
1000 Total Assets	<u>\$ 221,737</u>	<u>\$ 10,119</u>	<u>\$ 967,419</u>	<u>\$ 331,060</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ 7,790	\$ 20,024
2150 Payroll Deductions and Withholdings Payable	5,176	-	21,267	2,505
2160 Accrued Wages Payable	21,531	-	117,808	18,740
2170 Due to Other Funds	195,030	10,119	820,554	289,791
2300 Unearned Revenue	-	-	-	-
2000 Total Liabilities	<u>221,737</u>	<u>10,119</u>	<u>967,419</u>	<u>331,060</u>
FUND BALANCES				
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>\$ 221,737</u>	<u>\$ 10,119</u>	<u>\$ 967,419</u>	<u>\$ 331,060</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	278 ESSER (ARP) Homeless Children	279 ESSER III TCLAS ARP Act
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,240	56,257	-	60,394	35,906	10,144	95,040	195,600
-	1,879,756	-	-	-	-	-	-
<u>\$ 4,240</u>	<u>\$ 1,936,013</u>	<u>\$ -</u>	<u>\$ 60,394</u>	<u>\$ 35,906</u>	<u>\$ 10,144</u>	<u>\$ 95,040</u>	<u>\$ 195,600</u>
\$ -	\$ 24,416	\$ -	\$ 39,801	\$ 1,750	\$ -	\$ -	\$ -
675	36,336	-	-	1,343	-	-	-
1,897	150,731	-	-	9,476	-	-	-
1,668	-	-	20,593	23,337	10,144	95,040	195,600
-	24,037	-	-	-	-	-	-
<u>4,240</u>	<u>235,520</u>	<u>-</u>	<u>60,394</u>	<u>35,906</u>	<u>10,144</u>	<u>95,040</u>	<u>195,600</u>
-	1,700,493	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>1,700,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,240</u>	<u>\$ 1,936,013</u>	<u>\$ -</u>	<u>\$ 60,394</u>	<u>\$ 35,906</u>	<u>\$ 10,144</u>	<u>\$ 95,040</u>	<u>\$ 195,600</u>

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

Data Control Codes	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	288 ESEA IV, A Student Support
ASSETS				
1120	Investments - Current	\$ -	\$ -	\$ -
1240	Due from Other Governments	-	107,675	118,750
1260	Due from Other Funds	-	62,689	-
1000	Total Assets	\$ -	\$ 107,675	\$ 62,689
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ 375
2150	Payroll Deductions and Withholdings Payable	-	-	-
2160	Accrued Wages Payable	-	-	-
2170	Due to Other Funds	-	107,675	118,375
2300	Unearned Revenue	-	62,689	-
2000	Total Liabilities	-	107,675	62,689
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3000	Total Fund Balances	-	-	-
4000	Total Liabilities and Fund Balances	\$ -	\$ 107,675	\$ 62,689

289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	397 Advanced Placement Incentives	410 State Instructional Materials	424 SAFE Grant	426 School Safety Standards	427 Read to Succeed	428 Special Ed. Fiscal Support
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	37,561	-	787,940	95,828	-	-	103,310
66,872	-	5,057	-	-	-	617	-
<u>\$ 66,872</u>	<u>\$ 37,561</u>	<u>\$ 5,057</u>	<u>\$ 787,940</u>	<u>\$ 95,828</u>	<u>\$ -</u>	<u>\$ 617</u>	<u>\$ 103,310</u>
\$ -	\$ -	\$ -	\$ 299,110	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	37,561	-	488,830	95,828	-	-	100,431
66,872	-	5,057	-	-	-	617	2,879
<u>66,872</u>	<u>37,561</u>	<u>5,057</u>	<u>787,940</u>	<u>95,828</u>	<u>-</u>	<u>617</u>	<u>103,310</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 66,872</u>	<u>\$ 37,561</u>	<u>\$ 5,057</u>	<u>\$ 787,940</u>	<u>\$ 95,828</u>	<u>\$ -</u>	<u>\$ 617</u>	<u>\$ 103,310</u>

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

Data Control Codes	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	459 Other SSA Special Revenue Funds	461 Campus Activity Funds
ASSETS				
1120 Investments - Current	\$ -	\$ -	\$ -	\$ -
1240 Due from Other Governments	-	116,898	357,876	-
1260 Due from Other Funds	1,906	630,658	-	523,001
1000 Total Assets	<u>\$ 1,906</u>	<u>\$ 747,556</u>	<u>\$ 357,876</u>	<u>\$ 523,001</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ 318,099	\$ 20,761
2150 Payroll Deductions and Withholdings Payable	-	2,458	-	-
2160 Accrued Wages Payable	-	12,225	-	-
2170 Due to Other Funds	-	-	39,777	-
2300 Unearned Revenue	1,906	732,873	-	-
2000 Total Liabilities	<u>1,906</u>	<u>747,556</u>	<u>357,876</u>	<u>20,761</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	502,240
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>502,240</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,906</u>	<u>\$ 747,556</u>	<u>\$ 357,876</u>	<u>\$ 523,001</u>

482 Scholarship Fund	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 36,566	\$ -	\$ 36,566
-	-	3,713,754
49,695	401,923	3,622,174
<u>\$ 86,261</u>	<u>\$ 401,923</u>	<u>\$ 7,372,494</u>
\$ 14,542	\$ -	\$ 746,668
-	353	70,113
-	7,640	340,048
1,300	9,088	2,660,741
35,153	384,842	1,316,925
<u>50,995</u>	<u>401,923</u>	<u>5,134,495</u>
-	-	1,700,493
35,266	-	537,506
<u>35,266</u>	<u>-</u>	<u>2,237,999</u>
<u>\$ 86,261</u>	<u>\$ 401,923</u>	<u>\$ 7,372,494</u>

SHERMAN 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	206 ESSA, IX, A Homeless Children Ed.	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	554,919	38,298	2,827,894	2,205,508
5020 Total Revenues	554,919	38,298	2,827,894	2,205,508
EXPENDITURES:				
Current:				
0011 Instruction	553,798	38,298	2,044,656	815,861
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	294	-	747,348	12,396
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	1,809	1,377,251
0033 Health Services	-	-	-	-
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	827	-	34,081	-
6030 Total Expenditures	554,919	38,298	2,827,894	2,205,508
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	278 ESSER (ARP) Homeless Children	279 ESSER III TCLAS ARP Act
\$ -	\$ 536,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	23,150	-	-	-	-	-	-
32,772	5,686,506	-	102,510	301,149	162,030	95,040	309,890
32,772	6,245,768	-	102,510	301,149	162,030	95,040	309,890
32,772	-	-	102,510	117,039	138,098	-	119,655
-	-	-	-	-	-	-	-
-	-	-	-	172,186	23,932	-	-
-	-	-	-	-	-	-	190,235
-	-	-	-	-	-	-	-
-	-	-	-	-	-	90,288	-
-	5,954,069	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	11,924	-	4,752	-
-	582,841	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
32,772	6,536,910	-	102,510	301,149	162,030	95,040	309,890
-	(291,142)	-	-	-	-	-	-
-	93,449	-	-	-	-	-	-
-	-	(93,449)	-	-	-	-	-
-	93,449	(93,449)	-	-	-	-	-
-	(197,693)	(93,449)	-	-	-	-	-
-	1,898,186	93,449	-	-	-	-	-
\$ -	\$ 1,700,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SHERMAN 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	281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	284 IDEA B Formula ARP Act	288 ESEA IV, A Student Support
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	428,610	3,946,049	87,397	246,018
5020 Total Revenues	428,610	3,946,049	87,397	246,018
EXPENDITURES:				
Current:				
0011 Instruction	-	3,853,103	75,765	246,018
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	17,454	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	11,632	-
0033 Health Services	-	3,817	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	71,675	-	-
0051 Facilities Maintenance and Operations	428,610	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	428,610	3,946,049	87,397	246,018
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

289 Other Federal Special Revenue Funds	315 SSA IDEA, Part B Discretionary	397 Advanced Placement Incentives	410 State Instructional Materials	424 SAFE Grant	426 School Safety Standards	427 Read to Succeed	428 Special Ed. Fiscal Support
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	897,402	95,828	123,851	-	103,310
-	45,863	-	-	-	-	-	-
-	45,863	-	897,402	95,828	123,851	-	103,310
-	45,863	-	842,047	-	-	-	-
-	-	-	55,355	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	103,310
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	123,851	-	-
-	-	-	-	95,828	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	45,863	-	897,402	95,828	123,851	-	103,310
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SHERMAN 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	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	459 Other SSA Special Revenue Funds	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 71,487	\$ -	\$ 520,350
5800 State Program Revenues	-	160,561	548,481	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	-	232,048	548,481	520,350
EXPENDITURES:				
Current:				
0011 Instruction	-	232,048	141,081	3,000
0012 Instructional Resources and Media Services	-	-	-	22,369
0013 Curriculum and Instructional Staff Development	-	-	407,400	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	482,017
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	-	232,048	548,481	507,386
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	12,964
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	12,964
0100 Fund Balance - July 1 (Beginning)	-	-	-	489,276
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 502,240

482 Scholarship Fund	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 92,209	\$ 453,258	\$ 1,673,416
-	-	1,952,583
-	-	17,070,453
92,209	453,258	20,696,452
92,154	444,217	9,937,983
-	-	77,724
-	-	1,363,556
-	-	190,235
-	-	17,454
-	-	1,584,290
-	-	3,817
-	-	5,954,069
-	8,242	490,259
-	-	88,351
-	-	1,135,302
-	-	95,828
-	799	799
-	-	34,908
92,154	453,258	20,974,575
55	-	(278,123)
-	-	93,449
-	-	(93,449)
-	-	-
55	-	(278,123)
35,211	-	2,516,122
\$ 35,266	\$ -	\$ 2,237,999

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REQUIRED TEA SCHEDULES

SHERMAN 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	0.400000	2,774,702,778
2017	1.170000	0.270000	2,916,815,258
2018	1.170000	0.270000	3,079,170,361
2019	1.170000	0.479000	3,251,306,477
2020	1.068300	0.479000	3,675,348,475
2021	0.990700	0.479000	4,052,299,629
2022	0.960300	0.479000	4,303,531,494
2023	0.942900	0.479000	4,936,695,092
2024 (School year under audit)	0.757500	0.479000	5,463,626,208
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
\$ 373,384	\$ -	\$ 12,392	\$ 4,766	\$ (12,080)	\$ 344,146	
45,620	-	882	339	(428)	43,971	
59,262	-	1,485	343	(615)	56,819	
77,512	-	1,790	413	(463)	74,846	
196,836	-	8,292	3,395	(508)	184,641	
277,095	-	10,615	4,759	(387)	261,334	
250,230	-	2,657	1,285	(19,235)	227,053	
324,886	-	41,145	20,523	(51,565)	211,653	
1,483,078	-	423,573	215,178	(351,937)	492,390	
-	64,764,645	38,407,689	24,286,842	(936)	2,069,178	
<u>\$ 3,087,903</u>	<u>\$ 64,764,645</u>	<u>\$ 38,910,520</u>	<u>\$ 24,537,843</u>	<u>\$ (438,154)</u>	<u>\$ 3,966,031</u>	

\$ 32,723

SHERMAN 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	\$ 986,576	\$ 986,576	\$ 536,112	\$ (450,464)
5800 State Program Revenues	21,500	21,500	23,150	1,650
5900 Federal Program Revenues	5,353,521	5,353,521	5,686,506	332,985
5020 Total Revenues	6,361,597	6,361,597	6,245,768	(115,829)
EXPENDITURES:				
Current:				
0035 Food Services	5,552,690	5,657,690	5,954,069	(296,379)
0051 Facilities Maintenance and Operations	510,300	585,300	582,841	2,459
6030 Total Expenditures	6,062,990	6,242,990	6,536,910	(293,920)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	298,607	118,607	(291,142)	(409,749)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	93,449	93,449
1200 Net Change in Fund Balances	298,607	118,607	(197,693)	(316,300)
0100 Fund Balance - July 1 (Beginning)	1,898,186	1,898,186	1,898,186	-
3000 Fund Balance - June 30 (Ending)	\$ 2,196,793	\$ 2,016,793	\$ 1,700,493	\$ (316,300)

SHERMAN 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	\$ 27,188,930	\$ 27,188,930	\$ 25,547,908	\$ (1,641,022)
5800 State Program Revenues	-	-	2,426,650	2,426,650
5020 Total Revenues	27,188,930	27,188,930	27,974,558	785,628
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Liabilities	3,795,000	3,795,000	5,035,000	(1,240,000)
0072 Interest on Long-Term Liabilities	10,808,043	10,808,043	16,162,779	(5,354,736)
0073 Bond Issuance Cost and Fees	10,000	10,000	191,819	(181,819)
6030 Total Expenditures	14,613,043	14,613,043	21,389,598	(6,776,555)
1100 Excess of Revenues Over Expenditures	12,575,887	12,575,887	6,584,960	(5,990,927)
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued	-	15,665,000	15,665,000	-
7916 Premium or Discount on Issuance of Bonds	-	5,483,108	5,483,107	(1)
8949 Other (Uses)	-	(17,200,300)	(17,200,300)	-
7080 Total Other Financing Sources (Uses)	-	3,947,808	3,947,807	(1)
1200 Net Change in Fund Balances	12,575,887	16,523,695	10,532,767	(5,990,928)
0100 Fund Balance - July 1 (Beginning)	13,578,272	13,578,272	13,578,272	-
3000 Fund Balance - June 30 (Ending)	\$ 26,154,159	\$ 30,101,967	\$ 24,111,039	\$ (5,990,928)

SHERMAN 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
<hr/>		
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$8,989,429
<hr/>		
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$5,060,003
<hr/>		

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
<hr/>		
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$1,399,847
<hr/>		
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$522,444
<hr/>		

FEDERAL AWARDS SECTION

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Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
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TEXAS SOCIETY OF CERTIFIED
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TONN, SEAY & SCARBOROUGH**

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CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

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

To the Board of Trustees
Sherman Independent School District
Sherman, Texas

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 Sherman Independent School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Sherman Independent School District's basic financial statements, and have issued our report dated November 11, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 may exist that have not been identified.

Report on Compliance and Other Matters

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

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hankins Eastup Deaton Tonn Seay & Scarborough

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

November 11, 2024

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

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CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Sherman Independent School District
Sherman, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sherman 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 Sherman Independent School District's major federal programs for the year ended June 30, 2024. Sherman 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, Sherman Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 Sherman 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 Sherman 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 Sherman 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 Sherman Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sherman 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 Sherman 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 Sherman 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 Sherman 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.



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

November 11, 2024

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

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unmodified.
2. Internal control over financial reporting:
Material weakness(es) identified: No
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
3. Noncompliance which is material to the financial statements: None
4. Internal controls over major federal programs:
Material weakness(es) identified: None
Significant deficiency(ies) identified that are not considered to be material weaknesses: None reported
5. Type of auditor's report on compliance for major federal programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with 2 CFR 200.516(a)?: No
7. Major programs include:

FALN 84.010A	ESEA, Title I, Part A - Improving Basic Programs
FALN 84.367A	ESEA, Title II, Part A - Teacher Principal Training
FALN 84.425D	COVID 19 - ESSER I - School Emergency Relief
FALN 84.425U	COVID 19 - ESSER III - School Emergency Relief
FALN 84.425U	COVID 19 - Learning Supports - (TCLAS) ESSER III
FALN 84.425W	COVID 19 - ARP (ESSER) - Homeless Children & Youth
8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None.

III. Findings and Questioned Costs Related to Federal Awards

None.

IV. Other Findings

None.

SHERMAN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Prior Year Finding:

None

SHERMAN INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2024

None required.

SHERMAN 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>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23610101091906	\$ 146,512
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24610101091906	2,681,382
Total Assistance Listing Number 84.010			2,827,894
*IDEA - Part B, Formula	84.027	236600010919066600	443,616
*IDEA - Part B, Formula	84.027	246600010919066600	1,761,892
*SSA - IDEA - Part B, Discretionary	84.027	236600010919066600	8,302
*SSA - IDEA - Part B, Discretionary	84.027	246600010919066600	37,561
*COVID 19 - IDEA, Part B, Formula - (ARP)	84.027X	235350010919065350	87,397
Total Assistance Listing Number 84.027			2,338,768
*IDEA - Part B, Preschool	84.173	246610010919066610	32,772
Total Special Education Cluster (IDEA)			2,371,540
Career and Technical - Basic Grant	84.048	24420006091906	102,510
ESSA Title IX, Part A Homeless Children Education	84.196	234600057110065	23,564
ESSA Title IX, Part A Homeless Children Education	84.196	244600057110065	14,734
Total Assistance Listing Number 84.196			38,298
Title III, Part A - English Language Acquisition	84.365A	23671001091906	6,412
Title III, Part A - English Language Acquisition	84.365A	24671001091906	155,618
Total Assistance Listing Number 84.365			162,030
ESEA, Title II, Part A, Teacher Principal Training	84.367A	23694501091906	64,497
ESEA, Title II, Part A, Teacher Principal Training	84.367A	24694501091906	236,652
Total Assistance Listing Number 84.367			301,149
ESEA, Title IV, Part A, Student Support	84.424A	23680101091906	21,621
ESEA, Title IV, Part A, Student Support	84.424A	24680101091906	224,397
Total Assistance Listing Number 84.424			246,018
COVID 19 - ESSER II - School Emergency Relief	84.425D	22521001091906	428,610
COVID 19 - Learning Supports - (TCLAS) ESSER III	84.425U	23528042091906	309,890
COVID 19 - ESSER III - School Emergency Relief	84.425U	21528001091906	3,946,049
COVID 19 - ARP (ESSER) - Homeless Children & Youth	84.425W	21533001711074	95,040
Total Assistance Listing Number 84.425			4,779,589
Total Passed Through Texas Education Agency			10,829,028
TOTAL U.S. DEPARTMENT OF EDUCATION			10,829,028
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Health and Human Services Commission</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00167	49,365
Total Passed Through Texas Health and Human Services Commission			49,365
<u>Passed Through Texas Education Agency</u>			
*Head Start	93.600	09CH7092	156,304
*Head Start	93.600	09CH7092	398,615
Total Assistance Listing Number 93.600			554,919
Head Start Cluster			554,919

SHERMAN 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
Total Passed Through Texas Education Agency			554,919
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			604,284
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	NT4XL2YGLGC5	1,340,413
*National School Lunch Program - Cash Assistance	10.555	NT4XL2YGLGC5	3,694,588
*National School Lunch Prog. - Non-Cash Assistance	10.555	NT4XL2YGLGC5	260,042
*Supply Chain Assistance Grant	10.555	NT4XL2YGLGC5	289,898
*Commodity Storage Reimbursement	10.555	NT4XL2YGLGC5	10,786
Total Assistance Listing Number 10.555			4,255,314
Total Child Nutrition Cluster			5,595,727
Child & Adult Care Food Program - Cash Assistance	10.558	246TX332N1099	90,779
Total Passed Through the Texas Department of Agriculture			5,686,506
TOTAL U.S. DEPARTMENT OF AGRICULTURE			5,686,506
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 17,119,818
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

SHERMAN INDEPENDENT SCHOOL DISTRICT
 NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2024

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.
 - **General Fund** - is used to account for among other things, resources related to the United States Department of Health and Human Services Medicaid Administrative Claiming Program.
 - **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used in the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343 (b).
- FALN numbers for commodity assistance are the FALN numbers of the programs under which USDA donated the commodities.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards	\$17,119,818
SHARS Revenue reported in the General Fund	<u>459,392</u>
 Total Federal Program Revenue	 <u>\$17,579,210</u>