



Annual Financial Report

For the Year Ended August 31, 2024

DENISON INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
AUGUST 31, 2024**

Business Services

Randy Reid CPA, RTSBA – Assistant Superintendent for Business Services
Chelsea Menjivar – Director of Business

DENISON INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2024

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CERTIFICATE OF BOARD

Denison Independent School District
Name of School District

Grayson
County

091-903
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 August 31, 2024, at a meeting of the Board of Trustees of such school district on the 17th day of December, 2024.

Shelle Cassell

Bob Rhoden

Signature of Board Secretary

Signature of Board President

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Denison Independent School District
Denison, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Denison Independent School District (the "District"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Denison Independent School District, as of August 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements, required TEA schedules and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 statements, 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 December 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 17, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Denison Independent School District (the "District"), we offer this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2024. Please read this narrative in conjunction with the independent auditor's report and the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The net position of the District at the close of its fiscal year was \$22,736,081, a net increase of \$4,974,290 over last year's \$17,761,791, all from current year operations.
- Current year unrestricted net position is a deficit of \$7,209,599 as compared to last year's deficit of \$8,491,394.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$150,252,038, a net decrease of \$5,160,011 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,308,333 or 35.0% of total General Fund current year expenditures. Prior year unassigned fund balance for the General Fund was \$16,843,113, or 34.1% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements - These statements provide information about the activities of the District as a whole and present both a long-term and short-term view of the District's finances. The government-wide financial statements include the statement of net position and the statement of activities.

The statement of net position presents information on all the District's assets, deferred outflows/inflows, and liabilities, with the difference being reported as net position. Over time, increases and 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 on all the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (government activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund financial statements – These statements report the District’s operations in more detail than the government-wide statements by providing information about the District’s most significant funds. Some funds are required by State law and/or bond covenants. Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

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

- Governmental funds – these financial statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget.
- Proprietary funds – these financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the revenues covered the expenses of the goods or services.
- Fiduciary funds – these financial statements provide information about activities for which the District acts solely as a trustee or agent for the benefit of others, for example, student activity funds and scholarships for graduating students. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s operations.
- Notes to the financial statements - The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide statements and the fund financial statements.
- Other information – This annual report contains other supplementary information in addition to the basic financial statements and the notes to the financial statements. The Management’s Discussion and Analysis is required supplementary information under governmental accounting standards. The “Combining Schedules” for nonmajor funds contain even more information about the District’s individual funds. The “Required Texas Education Agency Schedules” and “Reports on Internal Controls, Compliance and Federal Awards” contain data used by monitoring or regulatory agencies for assurance that the District is using supplied funds in compliance with terms of grants.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the net position (Table 1) and the statement of activities (Table 2) of the District's governmental activities.

TABLE 1
NET POSITION

	2024	2023
Current and other assets	\$ 158,541,896	\$ 160,606,107
Capital assets	<u>117,463,012</u>	<u>111,982,677</u>
Total assets	<u>276,004,908</u>	<u>272,588,784</u>
Deferred outflows related to pensions	7,136,872	6,266,065
Deferred outflows related to OPEB	<u>3,254,444</u>	<u>3,786,378</u>
Total deferred outflows of resources	<u>10,391,316</u>	<u>10,052,443</u>
Current liabilities	6,776,699	3,987,035
Long-term liabilities	<u>243,563,286</u>	<u>245,369,163</u>
Total liabilities	<u>250,339,985</u>	<u>249,356,198</u>
Deferred inflows related to pensions	1,026,821	1,628,438
Deferred inflows related to OPEB	<u>12,293,337</u>	<u>13,894,800</u>
Total deferred outflows of resources	<u>13,320,158</u>	<u>15,523,238</u>
Net position:		
Net investment in capital assets	24,652,235	20,179,262
Restricted	5,293,445	6,073,923
Unrestricted	<u>(7,209,599)</u>	<u>(8,491,394)</u>
Total net position	<u>\$ 22,736,081</u>	<u>\$ 17,761,791</u>

The District's governmental activities net position increased by \$4,974,290, as previously discussed, from \$17,761,791 to \$22,736,081. A large portion of net position, \$24,652,235 reflects the District's net investment in capital assets (e.g., land, buildings, furniture and equipment, right to use equipment, SBITA assets, and accumulated depreciation), less any related debt used to acquire those assets that are still outstanding. 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 themselves cannot be used to liquidate these liabilities.

TABLE 2
CHANGES IN NET POSITION

	2024	2023
REVENUES		
Program revenues:		
Charges for services	\$ 1,380,396	\$ 1,432,279
Operating grants and contributions	15,418,426	15,242,578
General revenues:		
Property taxes	34,794,168	37,015,491
State aid - formula grants	26,176,118	19,128,823
Investment earnings	6,286,034	1,455,110
Miscellaneous	468,418	359,391
Total revenues	<u>84,523,560</u>	<u>74,633,672</u>
EXPENSES		
Instruction	35,909,146	33,138,540
Instructional resources and media services	596,000	613,303
Curriculum and instructional staff development	606,461	674,974
Instructional leadership	990,071	916,451
School leadership	2,845,090	2,770,576
Guidance, counseling and evaluation services	2,749,785	2,622,950
Health services	676,542	696,048
Student (pupil) transportation	3,776,312	2,721,308
Food services	6,387,948	4,364,077
Co-curricular/extra curricular activities	2,764,438	2,623,274
General administration	2,267,620	2,061,483
Facilities maintenance and operations	9,751,259	8,638,241
Security and monitoring services	1,389,715	908,881
Data processing services	1,176,706	1,062,136
Community services	21,642	16,009
Debt service - interest on long-term debt	6,871,907	1,961,440
Debt service - bond issuance costs	6,425	1,099,401
Payments to juvenile justice alternate education program	5,280	-
Other intergovernmental charges	756,923	694,833
Total expenses	<u>79,549,270</u>	<u>67,583,925</u>
CHANGE IN NET POSITION	<u>4,974,290</u>	<u>7,049,747</u>
NET POSITION, BEGINNING	<u>17,761,791</u>	<u>10,712,044</u>
NET POSITION, ENDING	<u>\$ 22,736,081</u>	<u>\$ 17,761,791</u>

The District is required under GASB 68 and GASB 75 to report its proportionate share of the unfunded liability associated with the Teacher Retirement System of Texas (TRS) pension plan and TRS – other post- employment benefits. The net decrease in these liabilities contributed to the increase in net position of the District.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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

The District's governmental funds reported a combined ending fund balance of \$150,252,038, a net decrease of \$5,160,011 from last year's combined fund balance. Unassigned fund balance \$17,389,118, or 11.6%, and was available for spending at the District's discretion. The remainder of fund balance is not available for discretionary spending because it is classified as either nonspendable, restricted, or committed.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year the General Fund's unassigned fund balance was \$17,308,333, or 91.4% of the total fund balance of \$18,940,897. The slight increase in fund balance directly resulted from increases to state funding, specifically the Foundation School Program.

The Debt Service Fund ending fund balance was \$4,857,196, all of which is reserved for the payment of future debt service. The increase in the Debt Service Fund was a result of property tax collections exceeding the current year debt service payments.

The Capital Projects Fund has a total fund balance of \$125,015,466, which represents funds remaining from the District’s 2024 bond sale. These funds are restricted for the construction and renovation of school buildings and purchase of equipment and land. Fund balance decreased by \$5,350,320 due to planned spending on capital project netted against \$7.0 million interest earnings. Fund balance is expected to decrease as bond funds are spent.

The ESSER – School Emergency Relief III Fund, a major special revenue fund, accounts for the grant proceeds and expenditures under the grant program by that name. Program revenues equaled expenditures of \$2,278,402, and the fund began and ended with no fund balance as expected.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Trustees revised the District’s budget several times. These budget amendments fall into three categories:

- 1. Amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we originally estimated).
- 2. A major amendment was to increase Function 81 – Facilities Acquisition and Construction by \$299,000 to update the Denison High School and Scott Middle School auditoriums and Function 35 – Food Service by \$645,000 to update cafeteria equipment. Additionally, there was an increase in Function 52 by \$50,000 to purchase police vehicles and police equipment.
- 3. Amendments to realign budgeted amounts to meet updated projected actual expenditures.

The District’s actual General Fund balance of \$18,940,897 differs from the General Fund’s budgetary fund balance of \$16,610,628. The difference of \$2,330,269 is primarily due to actual expenditures of \$28,834,190 within the Instruction acquisition and construction function being less than the final budget by \$998,680.

CAPITAL ASSETS

The District’s investments in capital assets for its governmental activities at the end of this fiscal year amounts to \$117,463,012 (net of accumulated depreciation) for a net increase of \$5,480,335 or 4.9% over last year. Major additions to capital assets include two new buses, four new vehicles, two police vehicles, cafeteria equipment, and upgrades to the Denison High School and Scott Middle School auditoriums. These amounts were offset by current year depreciation. The investment in capital assets includes land, buildings and improvements, furniture and equipment, and right to use equipment.

More detailed information about the District's capital assets can be found in the notes to the financial statements.

	Governmental Activities	
	2024	2023
Land	\$ 6,756,340	\$ 6,756,340
Construction in progress	7,745,968	-
Buildings and improvements	134,275,846	134,275,846
Furniture and equipment	17,707,792	16,087,074
Right to use equipment & subscriptions	458,581	593,960
Less depreciation	(49,481,515)	(45,730,543)
Totals	<u>\$117,463,012</u>	<u>\$111,982,677</u>

LONG-TERM DEBT

At year-end, the District had \$218,531,585 in long-term debt versus \$222,790,691 last year. The decrease is due to scheduled principal payments made to the outstanding long-term debt. More detailed information about the District's long-term debt is presented in the notes to the financial statements.

	Governmental Activities	
	2024	2023
Bonds payable	\$ 206,314,043	\$ 211,907,481
Accreted interest	261,402	366,477
Unamortized premium/(discount)	8,933,757	9,874,858
Lease payable	279,195	341,099
SBITAs payable	46,465	45,763
Arbitrage payable	2,420,169	-
Compensated absences	276,554	255,013
Totals	<u>\$218,531,585</u>	<u>\$222,790,691</u>

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

Appraised value used for the 2025 budget preparation will be up 346.2 million, or 11.8% from 2024.

General operating fund spending per student decreased in the 2025 budget from \$11,503 to \$11,260. This is a 2.2% decrease.

The District's 2025 refined average daily attendance is expected to be 4,600 and increase of 1.7% over 2024.

These indicators were taken into account when adopting the General Fund budget for 2025. Amounts available or appropriation in the General Fund budget are \$56.3 million, an increase of .005% compared to the final 2024 budget of \$56.01 million. Property tax revenues will decrease due to an increase in the homestead exemption and reduction in the tax rate. The tax rate will reduce from \$1.1625 to \$1.1602.

Expenditures are budgeted at \$56.3 million. Property tax revenue will increase approximately \$335,000 and State Funding will decrease approximately \$350,000. Investment revenue is expected to increase by \$500,000 in 2025.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Denison Independent School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Randy Reid, Assistant Superintendent of Business Services, Denison Independent School District, 1201 S. Rusk Ave, Denison, TX 75020.

BASIC FINANCIAL STATEMENTS

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DENISON INDEPENDENT SCHOOL DISTRICT

EXHIBIT A-1

STATEMENT OF NET POSITION

AUGUST 31, 2024

Data Control Codes		1 Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	\$ 54,623,670
1120	Investments	96,576,211
1220	Property taxes receivables	2,050,011
1230	Allowance for uncollectible taxes	(355,475)
1240	Due from other governments	5,515,860
1300	Inventories	128,829
1410	Prepayments	2,790
	Capital assets:	
1510	Land	6,756,340
1520	Buildings and improvements, net	98,906,945
1530	Furniture and equipment, net	3,718,028
1550	Right to use equipment and subscriptions, net	335,731
1580	Construction in Progress	<u>7,745,968</u>
1000	Total assets	<u>276,004,908</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflow related to pensions	7,136,872
1706	Deferred outflow related to other post-employment benefits	<u>3,254,444</u>
1700	Total deferred outflows of resources	<u>10,391,316</u>
	LIABILITIES	
2110	Accounts payable	5,160,527
2140	Interest payable	648,466
2160	Accrued wages payable	962,410
2310	Unearned revenue	5,296
	Noncurrent liabilities:	
	Due within one year	
2501	Long-term debt	6,821,217
2501	Claims liability	44,004
	Due in more than one year	
2502	Claims liability	132,012
2502	Long-term debt	211,710,368
2540	Net pension liability	16,949,362
2545	Net other post-employment benefits liability	<u>7,906,323</u>
2000	Total liabilities	<u>250,339,985</u>
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflow related to pensions	1,026,821
2606	Deferred inflow related to other post-employment benefits	<u>12,293,337</u>
2600	Total deferred inflows of resources	<u>13,320,158</u>
	NET POSITION	
3200	Net investment in capital assets	24,652,235
	Restricted for:	
3820	Federal and state programs	636,469
3850	Debt service	4,656,976
3900	Unrestricted	<u>(7,209,599)</u>
3000	Total net position	\$ <u>22,736,081</u>

The accompanying notes are an integral part of this financial statement.

DENISON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	Functions/Programs	1	Program Revenues 3
		Expenses	Charges for Services
	Primary government:		
	Governmental activities:		
11	Instruction	\$ 35,909,146	\$ 214,112
12	Instructional resources and media services	596,000	-
13	Curriculum and staff development	606,461	-
21	Instructional leadership	990,071	-
23	School leadership	2,845,090	-
31	Guidance, counseling, and evaluation services	2,749,785	-
33	Health services	676,542	-
34	Student transportation	3,776,312	-
35	Food service	6,387,948	421,203
36	Extracurricular activities	2,764,438	745,081
41	General administration	2,267,620	-
51	Facilities maintenance and operations	9,751,259	-
52	Security and monitoring services	1,389,715	-
53	Data processing services	1,176,706	-
61	Community services	21,642	-
72	Interest on long-term debt	6,871,907	-
73	Bond issuance costs and fees	6,425	-
95	Payments to juvenile justice alternate education program	5,280	-
99	Other intergovernmental charges	756,923	-
	[TG] Total governmental activities	<u>\$ 79,549,270</u>	<u>\$ 1,380,396</u>
	General revenues:		
	Taxes:		
MT	Property taxes, levied for general purposes		
DT	Property taxes, levied for debt service		
SF	State aid - formula grants		
IE	Investment earnings		
MI	Miscellaneous		
TR	Total general revenues		
CN	Change in net position		
NB	Net position, beginning		
NE	Net position, ending		

The accompanying notes are an integral part of this financial statement.

Program Revenues	Net (Expenses) Revenue and Changes in in Net Position
4	6
Operating Grants and Contributions	Primary Gov. Governmental Activities
\$ 7,081,341	\$ (28,613,693)
122,824	(473,176)
275,264	(331,197)
241,208	(748,863)
249,382	(2,595,708)
609,448	(2,140,337)
54,136	(622,406)
141,154	(3,635,158)
3,655,757	(2,310,988)
90,097	(1,929,260)
238,264	(2,029,356)
405,160	(9,346,099)
388,622	(1,001,093)
42,341	(1,134,365)
20,605	(1,037)
1,802,823	(5,069,084)
-	(6,425)
-	(5,280)
-	(756,923)
<u>\$ 15,418,426</u>	<u>\$ (62,750,448)</u>

22,684,471
12,109,697
26,176,118
6,286,034
468,418
<u>67,724,738</u>
<u>4,974,290</u>
<u>17,761,791</u>
<u>\$ 22,736,081</u>

DENISON INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

AUGUST 31, 2024

Data Control Codes		10	50
		General Fund	Debt Service
	ASSETS		
1110	Cash and cash equivalents	\$ 8,460,245	\$ 4,815,820
1120	Investments	6,669,957	-
1220	Property taxes - delinquent	1,457,677	592,334
1230	Allowance for uncollectible taxes (credit)	(252,763)	(102,712)
1240	Due from other governments	2,297,219	-
1260	Due from other funds	2,931,667	-
1300	Inventories	55,966	-
1410	Prepaid items	2,790	-
1000	Total assets	<u>21,622,758</u>	<u>5,305,442</u>
	LIABILITIES		
2110	Accounts payable	859,225	-
2160	Accrued wages payable	719,547	-
2170	Due to other funds	-	-
2180	Due to other governments	-	-
2300	Unearned revenues	-	-
2000	Total liabilities	<u>1,578,772</u>	<u>-</u>
	DEFERRED INFLOWS OF RESOURCES		
2601	Unavailable revenue - property taxes	<u>1,103,089</u>	<u>448,246</u>
2600	Total deferred inflows of resources	<u>1,103,089</u>	<u>448,246</u>
	FUND BALANCES		
	Nonspendable:		
3410	Inventories	55,966	-
3430	Prepaid items	2,790	-
	Restricted:		
3450	Federal or state grant restriction	-	-
3470	Capital acquisition and contractual obligation	-	-
3480	Retirement of long-term debt	-	4,857,196
3545	Committed for campus activities	-	-
	Assigned for:		
3590	Subsequent year's budget	1,573,808	-
3600	Unassigned	<u>17,308,333</u>	<u>-</u>
3000	Total fund balances	<u>18,940,897</u>	<u>4,857,196</u>
4000	Total liabilities, deferred inflows and fund balances	<u>\$ 21,622,758</u>	<u>\$ 5,305,442</u>

The accompanying notes are an integral part of this financial statement.

60 Capital Projects Fund	282 ESSER-School Emergency Relief III	Other Funds	98 Total Governmental Funds
\$ 39,428,866	\$ -	\$ 1,475,835	\$ 54,180,766
89,906,254	-	-	96,576,211
-	-	-	2,050,011
-	-	-	(355,475)
-	1,069,985	2,148,656	5,515,860
-	-	-	2,931,667
-	-	72,863	128,829
-	-	-	2,790
<u>129,335,120</u>	<u>1,069,985</u>	<u>3,697,354</u>	<u>161,030,659</u>
4,152,268	-	149,034	5,160,527
-	54,803	188,060	962,410
-	1,015,182	1,916,485	2,931,667
167,386	-	-	167,386
-	-	5,296	5,296
<u>4,319,654</u>	<u>1,069,985</u>	<u>2,258,875</u>	<u>9,227,286</u>
-	-	-	1,551,335
-	-	-	1,551,335
-	-	72,863	128,829
-	-	-	2,790
-	-	636,469	636,469
125,015,466	-	-	125,015,466
-	-	-	4,857,196
-	-	648,362	648,362
-	-	-	1,573,808
-	-	80,785	17,389,118
<u>125,015,466</u>	<u>-</u>	<u>1,438,479</u>	<u>150,252,038</u>
<u>\$ 129,335,120</u>	<u>\$ 1,069,985</u>	<u>\$ 3,697,354</u>	<u>\$ 161,030,659</u>

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DENISON INDEPENDENT SCHOOL DISTRICT**EXHIBIT C-2****RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

AUGUST 31, 2024

Total fund balances - governmental funds	\$ 150,252,038
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	117,463,012
2 Some receivables are reported as deferred inflows of resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities. Property taxes	1,551,335
3 Net position of the internal service fund is shown as part of the proprietary funds, but is reported as part of governmental activities on the statement of net position.	134,876
4 Long-term liabilities, including bonds, accreted interest, and arbitrage are not due and payable in the current period and therefore are not reported in the funds. Also, the losses on refunding of bonds and the premium on issuance of bonds payable are not reported on the balance sheet in the funds.	(218,232,187)
5 Interest payable is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(648,466)
6 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to pensions included a deferred resource outflow in the amount of \$7,136,872, a deferred resource inflow in the amount of \$1,026,821, and a net pension liability in the amount of \$16,949,362. This resulted in an increase in net position.	(10,839,311)
7 Included in the items related to debt is the recognition of the District's proportionate share of the net other post-employment benefit (OPEB) liability required by GASB 75. The net position related to the OPEB included a deferred resource outflow in the amount of \$3,254,444, a deferred resource inflow in the amount of \$12,293,337, and a net OPEB liability in the amount of \$7,906,323. This resulted in an increase in net position.	<u>(16,945,216)</u>
29 Net position of governmental activities	<u>\$ 22,736,081</u>

DENISON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		10	50
		General Fund	Debt Service
	REVENUES		
5700	Local and intermediate sources	\$ 24,238,533	\$ 12,447,539
5800	State programs	29,048,004	1,802,578
5900	Federal programs	<u>841,768</u>	<u>-</u>
5020	Total revenues	<u>54,128,305</u>	<u>14,250,117</u>
	EXPENDITURES		
	Current:		
0011	Instruction	28,834,190	-
0012	Instructional resources and media services	464,694	-
0013	Curriculum and instructional staff development	366,615	-
0021	Instructional leadership	778,016	-
0023	School leadership	2,662,949	-
0031	Guidance, counseling and evaluation services	2,202,240	-
0033	Health services	638,160	-
0034	Student (pupil) transportation	2,265,044	-
0035	Food services	-	-
0036	Extracurricular activities	2,216,379	-
0041	General administration	2,052,924	-
0051	Facilities maintenance and operations	8,260,908	-
0052	Security and monitoring services	972,485	-
0053	Data processing services	905,380	-
0061	Community services	-	-
	Debt service:		
0071	Principal on long term debt	243,550	5,810,000
0072	Interest on long term debt	11,424	7,657,453
0073	Bond issuance costs and fees	-	6,425
	Capital outlay:		
0081	Facilities acquisition and construction	428,474	-
	Intergovernmental:		
0095	Payments to juvenile justice alternate education program	5,280	-
0099	Other intergovernmental charges	<u>756,923</u>	<u>-</u>
6030	Total expenditures	<u>54,065,635</u>	<u>13,473,878</u>
1100	Excess (deficiency) of revenues over (under) expenditures	62,670	776,239
	OTHER FINANCING SOURCES (USES)		
7913	Issuance of lease	<u>27,313</u>	<u>-</u>
7080	Total other financing sources (uses)	<u>27,313</u>	<u>-</u>
1200	NET CHANGE IN FUND BALANCES	89,983	776,239
0100	FUND BALANCES, BEGINNING	<u>18,850,914</u>	<u>4,080,957</u>
3000	FUND BALANCES, ENDING	<u>\$ 18,940,897</u>	<u>\$ 4,857,196</u>

The accompanying notes are an integral
part of this financial statement.

60 Capital Projects Fund	282 ESSER-School Emergency Relief III	Other Funds	98 Total Governmental Funds
\$ 7,010,462	\$ -	\$ 1,380,366	\$ 45,076,900
-	-	1,613,093	32,463,675
-	2,278,402	6,518,909	9,639,079
<u>7,010,462</u>	<u>2,278,402</u>	<u>9,512,368</u>	<u>87,179,654</u>
-	1,451,657	4,208,957	34,494,804
-	21,616	74,045	560,355
-	151,585	63,634	581,834
-	72,815	101,761	952,592
-	74,453	7,668	2,745,070
-	53,010	393,548	2,648,798
-	14,412	-	652,572
-	45,551	-	2,310,595
-	82,352	4,554,595	4,636,947
-	13,798	418,171	2,648,348
-	124,738	-	2,177,662
-	147,965	-	8,408,873
-	10,296	345,297	1,328,078
-	14,154	-	919,534
-	-	20,605	20,605
-	-	-	6,053,550
-	-	-	7,668,877
-	-	-	6,425
12,360,782	-	-	12,789,256
-	-	-	5,280
-	-	-	756,923
<u>12,360,782</u>	<u>2,278,402</u>	<u>10,188,281</u>	<u>92,366,978</u>
(5,350,320)	-	(675,913)	(5,187,324)
-	-	-	27,313
-	-	-	27,313
(5,350,320)	-	(675,913)	(5,160,011)
<u>130,365,786</u>	<u>-</u>	<u>2,114,392</u>	<u>155,412,049</u>
\$ 125,015,466	\$ -	\$ 1,438,479	\$ 150,252,038

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

FOR THE YEAR ENDED AUGUST 31, 2024

Net change in fund balances - total governmental funds	\$ (5,160,011)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	5,325,300
Some receivables are not considered available revenues and are reported as deferred inflows in the governmental funds.	
Property taxes	104,899
The District uses an internal service fund to charge the cost of workers' compensation to the appropriate functions in other funds. The net income of the internal service fund is reported as a part of governmental activities which increases net position.	10
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal repayment during the fiscal year.	
Issuance of leases	(27,313)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Amortization of premium and deferred loss on refunding of bonds payable	941,101
Arbitrage payable	(2,252,783)
Accrued interest on long-term debt	(32,644)
Accreted interest on capital appreciation bonds	(111,487)
Compensated absences	(21,541)
Debt service payments	6,053,550
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$1,419,519. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$1,268,360. Finally, the proportionate share of pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$1,657,150. The net result is a decrease in the change in net position.	
	(1,505,991)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$326,247. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling \$309,539. Finally, the proportionate share of OPEB expense on the plans as a whole had to be recorded. The net OPEB expense increased the change in net position by \$1,644,492. The net result is an increase in the change in net position.	
	1,661,200
Change in net position of governmental activities	<u>\$ 4,974,290</u>

DENISON INDEPENDENT SCHOOL DISTRICT**EXHIBIT D-1**STATEMENT OF NET POSITION
PROPRIETARY FUNDS

AUGUST 31, 2024

	<u>Governmental Activities Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 442,904
Total assets	<u>442,904</u>
LIABILITIES	
Current liabilities:	
Claims payable	<u>44,004</u>
Total current liabilities	<u>44,004</u>
Noncurrent liabilities:	
Claims payable	<u>132,012</u>
Total noncurrent liabilities	<u>132,012</u>
Total liabilities	<u>176,016</u>
NET POSITION	
Unrestricted	<u>266,888</u>
Total net position	<u>\$ 266,888</u>

DENISON INDEPENDENT SCHOOL DISTRICT**EXHIBIT D-2****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Governmental Activities Internal Service Fund</u>
OPERATING REVENUES	
Local and intermediate sources	\$ 109,102
Total operating revenues	<u>109,102</u>
OPERATING EXPENSES	
Professional and contracted services	<u>109,092</u>
Total operating expenditures	<u>109,092</u>
Operating income (loss)	10
NET POSITION, BEGINNING	<u>266,878</u>
NET POSITION, ENDING	<u>\$ 266,888</u>

DENISON INDEPENDENT SCHOOL DISTRICT**EXHIBIT D-3**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2024

	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 109,102
Cash payments for insurance claims	<u>(42,607)</u>
Net cash provided (used) by operating activities	<u>66,495</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>66,495</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>376,409</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>442,904</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net operating income (loss)	10
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in accounts payable	<u>66,485</u>
Net cash provided (used) by operations	<u>\$ 66,495</u>

DENISON INDEPENDENT SCHOOL DISTRICT**EXHIBIT E-1**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

AUGUST 31, 2024

	<u>Custodial Fund</u>	<u>Private Purpose Trust Fund</u>
ASSETS		
Cash and cash equivalents	\$ 6,098	\$ 37,734
Total assets	<u>6,098</u>	<u>37,734</u>
NET POSITION		
Restricted for:		
Student groups	6,098	-
Scholarships	-	37,734
Total net position	<u>\$ 6,098</u>	<u>\$ 37,734</u>

DENISON INDEPENDENT SCHOOL DISTRICT**EXHIBIT E-2**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2024

	Custodial Fund	Private Purpose Trust Fund
ADDITIONS		
Contributions, gifts and donations	\$ 1,376	\$ 6,000
Total additions	<u>1,376</u>	<u>6,000</u>
DEDUCTIONS		
Tuition	-	6,521
Payments on behalf of student groups	<u>386</u>	<u>-</u>
Total deductions	<u>386</u>	<u>6,521</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	990	(521)
NET POSITION, BEGINNING	<u>5,108</u>	<u>38,255</u>
NET POSITION, ENDING	<u>\$ 6,098</u>	<u>\$ 37,734</u>

DENISON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

AUGUST 31, 2024

I. Summary of Significant Accounting Policies

The Denison Independent School District (the "District") is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its' basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources, and it complies with the requirements of the appropriate version of the Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The District's Board of Trustees (the "Board"), consisting of seven members, has governance responsibilities over all activities related to public school education within the District. The daily functioning of the District is under the supervision of the Superintendent. Board members are elected by the public, have the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GAAP.

B. Basis of Presentation – Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, state foundation funds and intergovernmental revenue.

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

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

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

The District reports the following major governmental funds:

General Fund: The General Fund is the District's general operating fund. It is used to account for all financial transactions except for those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the District except for costs incurred by programs accounted for in other funds. The General Fund is always considered a major fund.

Debt Service Fund: This fund, which is a budgeted fund, accounts for the resources accumulated and payments made on long-term general obligation debt of governmental funds. Revenues include collections of general property taxes, state funding under the Instructional Facilities and Existing Debt Allotments, and earnings on investments of the fund. Expenditures of the fund are for the retirement of bonds and payments of interest on the bonded debt. The fund balance represents the amount that is available for the retirement of bonds and payment of interest in the future.

Capital Projects Fund: This fund, which is an unbudgeted fund, is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction, renovations, and technology projects/enhancements.

ESSER – School Emergency Relief III Fund: This fund accounts for the relief funds received by the District which are required to be used to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the District.

In addition, the District maintains the following funds:

Governmental Funds:

Special Revenue Funds: The District accounts for resources restricted to, or designated for, specific purposes by the District or grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

Internal Service Funds: These funds are conceived to be self-supporting. Revenues are earned mainly from sales of services to the schools and operating departments of the District. The District uses this fund type to report its workers' compensation activities.

Fiduciary Funds:

Private-purpose Trust Fund: This fund accounts for scholarship resources held in trust for others where the principal and interest benefit the District or its students and former students.

Custodial Funds: This fund accounts for resources held for others in a custodial capacity by the District and consists of student activity funds that are the property of the various student clubs and associations.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Property taxes, state foundation funds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period.

Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements, and the amount received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources, Net Position/Fund Balance, Revenues and Expenditures/Expenses

Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value (NAV) per share (which approximates fair value) even though it is calculated using the amortized cost method.

Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at acquisition values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their acquisition value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both the government-wide and fund financial statements. The prepayment is relieved using the consumption method.

Other Receivables and Payables

These may include amounts due from local, state, and federal agencies resulting from an excess of expenditures over revenues incurred, accrued liabilities, interest payable, and accrued wages payable.

Interfund Activities

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system to reserve a portion of the applicable appropriation, is employed in the governmental fund types on the governmental fund financial statements. Encumbrances are liquidated at year-end.

Property Taxes

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

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

Capital Assets

Capital assets, which include land, buildings and improvements, furniture and equipment and construction in progress, are reported in the applicable governmental column in the government-wide financial statements. The cost of the infrastructure (e.g., roads, bridges, sidewalks, and similar items) was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated assets are valued at acquisition cost, which is the price that would have been paid to acquire an asset with equivalent service potential on the date of acquisition.

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

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and improvements	45
Furniture and equipment	5-10
Right to use - equipment	5-10
SBITA asset	5-10

Land and construction in progress are not depreciable.

Unearned Revenues

Unearned revenues represent revenues received by the District but not yet earned and are not available for use by the District to liquidate current year liabilities.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources are reported in the financial statements 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 had the following deferred outflows of resources:

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, the results of differences between expected and actual experience, changes in actuarial assumptions, and the changes in proportion and difference between the employer's contributions and the proportionate share of contributions. 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.

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, changes in actuarial assumptions, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

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 had three items that qualify for reporting in this category:

Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes.

Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer's contributions and the proportionate share of contributions.

Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience and changes in actuarial assumptions.

Defined Benefit Pension Plan

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The Teacher Retirement System of Texas (TRS) administers the plan. 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.

Other Post-Employment Benefit Plans

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.

Compensated Absences

Employees of the District earn and accumulate leave according to terms set by the State of Texas at the rate of five (5) days per year. If employees retire from the District and are eligible for full retirement benefits as determined by the Teachers' Retirement System, the District pays the employees one-half of their regular rate of pay for up to 50 days of unused sick leave.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activity, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding, will be recognized as a deferred outflow of resources and amortized to interest expense over the life of the bonds. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as 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 are reported as debt service expenditures.

Leases

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

The District uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

Subscription-Based Information Technology Arrangements

The District is a lessee for subscription-based IT arrangements (SBITAs). The District recognizes a liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a SBITA, the District initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) agreed upon payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.

- The agreement term includes the noncancellable period of the SBITA.
- The agreed upon payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. These right to use assets are reported with other capital assets and liabilities are reported with long- term debt on the statement of net position.

Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, 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 their 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.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance

Non-spendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board or by an official or body to which the Board delegates authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Data Control Codes

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

Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimations and assumptions that affect the reported amounts of 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.

The amount of state foundation revenue and the related receivables and liabilities a district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year.

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

II. DETAILED NOTES ON ACTIVITIES AND FUNDS

A. Cash and Cash Equivalents

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.

The District is required by Government Code Chapter 2256, The Public Funds Investment Act (the "Act"), 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, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions: 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas; 2) certificates of deposit; 3) certain municipal securities; 4) securities lending program; 5) repurchase agreements; 6) bankers' acceptances; 7) mutual funds; 8) investment pools; 9) guaranteed investment contracts; and 10) commercial paper.

The District categorizes its fair value measurements within 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; and Level 3 inputs are significant unobservable inputs. The District's Commercial Paper fair value measurement used level 2 inputs, present value of expected future cash flow model. Each of the investments valued at Level 2 were priced using the present value of expected future cash flow model.

The District's local government investment pools have a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pools' liquidity.

The District has the following investments:

Investment Type	Reported Value	Percent of Total	Weighted Average Maturity (Days)	Credit Rating	Valuation Method
American National Bank CD	\$ 8,372,942	7.0%	68		
Bank OZK CDs	29,149,826	24.4%	144		
EastWest Bank	52,383,486	43.8%	91		
Cetera	1,812,237	1.5%	149	AAAm	Level 2
First Public Corporate Fund	3,395,950	2.8%	42	AAAm	NAV
Texas Range	118	0.0%	37	AAAmmf	NAV
TexPool	22,292,391	18.6%	36	AAAm	NAV
Simmons	2,126,630	1.8%	24	AAAm	NAV
	<u>\$ 119,533,580</u>	<u>100%</u>			

Portfolio weighted average maturity 90

Deposit risk of the District includes the following:

Custodial Credit Risk – This is the risk that, in the event of the failure of a bank, the District's deposits may not be returned to it. The District's cash deposits were either collateralized with securities held by the District's agent or covered by FDIC insurance. Thus, the District's deposits were not exposed to custodial credit risk.

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. On August 31, 2024, the District held investments in public funds investment pools. Investments in external investment pools are not considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

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 the investment pool at year-end was AAAm, or AAAmmf (Standard & Poor's).

Interest-rate Risk – This type of risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District's investment policy does not allow the purchase of investments that would expose the District to interest-rate risk.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the District's investments in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in securities of a single issuer. The District's investments in public funds investment pools is not subject to the concentration risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

B. Interfund Balances

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

The composition of interfund balances as of August 31, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
General fund	ESSER III	\$ 1,015,182
General fund	Nonmajor governmental	<u>1,916,485</u>
Total		<u>\$ 2,931,667</u>

The receivables recorded in the General Fund represent loans to other funds to cover expenditures, which have not yet been reimbursed by various local, state, and federal grants.

C. Capital Assets

Capital asset activity for the year ended August 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,756,340	\$ -	\$ -	\$ 6,756,340
Construction in Progress	<u>-</u>	<u>7,745,968</u>	<u>-</u>	<u>7,745,968</u>
Total capital assets, not being depreciated	<u>6,756,340</u>	<u>7,745,968</u>	<u>-</u>	<u>14,502,308</u>
Capital assets, being depreciated:				
Buildings and improvements	134,275,846	-	-	134,275,846
Furniture and equipment	16,087,074	1,871,735	(251,017)	17,707,792
Right to use equipment	552,868	27,313	(188,857)	391,324
SBITA asset	<u>439,130</u>	<u>-</u>	<u>(289,972)</u>	<u>149,158</u>
Total capital assets, being depreciated	<u>151,354,918</u>	<u>1,899,048</u>	<u>(729,846)</u>	<u>152,524,120</u>
Less accumulated depreciation for:				
Buildings and improvements	(32,285,658)	(3,083,743)	-	(35,369,401)
Furniture and equipment	(13,232,274)	(1,008,007)	251,017	(13,989,264)
Right to use equipment	(212,611)	(97,992)	187,753	(122,850)
SBITA asset	<u>(398,038)</u>	<u>(98,227)</u>	<u>414,364</u>	<u>(81,901)</u>
Total accumulated depreciation	<u>(46,128,581)</u>	<u>(4,287,969)</u>	<u>853,134</u>	<u>(49,563,416)</u>
Total governmental activities capital assets, net	<u>\$ 111,982,677</u>	<u>\$ 5,357,047</u>	<u>\$ 123,288</u>	<u>\$117,463,012</u>

Depreciation was charged to functions as follows:

Governmental activities:	
Instruction	\$ 1,774,670
Instruction Resources & Media Services	41,653
Curriculum & Instructional Staff Development	29,316
Instructional Leadership	47,997
School Leadership	138,313
Guidance Counseling & Evaluation Services	133,463
Health Services	32,881
Student Transportation	656,719
Food Services	364,748
Cocurricular/Extracurricular Activities	135,171
General Administration	109,724
Plant Maintenance & Operations	618,500
Security & Monitoring Services	69,407
Data Processing Services	134,369
Community Services	<u>1,038</u>
Total depreciation expense	<u>\$ 4,287,969</u>

D. Long-Term Liabilities

Governmental long-term liabilities for the year ended August 31, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Refundings/ Adjustments	Ending Balance	Due Within One Year
Bonds payable	\$ 211,907,481	\$ -	\$ 5,593,438	\$ -	\$ 206,314,043	\$ 6,173,469
Accreted interest	366,477	111,487	216,562	-	261,402	286,531
Premium on bonds	9,874,858	-	941,101	-	8,933,757	-
Arbitrage payable	-	2,420,169	-	-	2,420,169	167,386
Lease payable	341,099	27,313	95,017	5,800	279,195	99,488
SBITA payable	45,763	-	148,533	149,235	46,465	25,204
Compensated absences	255,013	87,158	65,617	-	276,554	69,139
Total long-term debt	222,790,691	2,646,127	7,060,268	155,035	218,531,585	6,821,217
Net pension liability	13,970,947	2,978,415	-	-	16,949,362	-
Net OPEB liability	8,497,994	-	591,671	-	7,906,323	-
Claims liability	109,531	222,443	155,958	-	176,016	44,004
Total other long-term liabilities	22,578,472	3,200,858	747,629	-	25,031,701	44,004
Total long term liabilities	\$ 245,369,163	\$ 5,846,985	\$ 7,807,897	\$ 155,035	\$ 243,563,286	\$ 6,865,221

Debt service requirements for general obligation bonds are payable from the fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, state funding, and interest earnings. Leases and SBITA's are paid from the fund balance and future revenues of the General Fund. The compensated absences balance is primarily liquidated by the General Fund.

E. Bonds Payable

Bonded indebtedness of the District is reflected in the statement of net position. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund in the fund financial statements.

A summary of changes in general obligation bonds for the year ended August 31, 2024, is as follows:

	Maturity Date	Interest Rates	Original Issue	Amounts Outstanding	Due Within One Year
<u>Governmental activities:</u>					
UTR Bonds, Series 2017	2031	4.00%	\$ 8,630,000	\$ 8,630,000	\$ -
UTSB Bonds, Series 2020	2035	4.00-5.00%	17,655,000	9,905,000	1,475,000
UTR Bonds, Series 2020	2040	1.651-2.518%	58,645,000	60,925,445	2,880,000
UTR Bonds, Series 2023	2053	4.00-5.00%	128,790,000	127,115,000	2,105,000
Total				<u>\$206,575,445</u>	<u>\$ 6,460,000</u>

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds.

Year Ended August 31,	Principal	Interest	Total Requirements
2025	\$ 6,460,000	\$ 7,954,517	\$ 14,414,517
2026	7,305,000	7,775,517	15,080,517
2027	6,725,000	7,511,046	14,236,046
2028	7,625,000	7,269,321	14,894,321
2029	8,255,000	6,983,495	15,238,495
2030-2034	47,535,000	29,092,281	76,627,281
2035-2039	44,705,000	20,120,538	64,825,538
2040-2044	33,255,000	12,352,302	45,607,302
2045-2049	24,100,000	7,103,200	31,203,200
2050-2053	20,680,000	2,108,600	22,788,600
Totals	206,645,000	<u>\$ 108,270,817</u>	<u>\$ 314,915,817</u>
Remaining accretion	(69,555)		
Total	<u>\$ 206,575,445</u>		

There are numerous limitations and restrictions contained in the various general obligation bond indentures. The District has complied with all significant limitations and restrictions as of August 31, 2024. The District's outstanding bonds payable contain a provision that in an event of default, outstanding amounts will be paid from the corpus of the Texas Permanent School Fund. In the event of default, the outstanding leases payable are secured by the leased assets.

Defeasance of Debt

In prior years, the District issued refunding bonds for the purpose of restructuring debt cash flow requirements. Proceeds from the refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are considered defeased, and accordingly, the trust account assets and liabilities are not included in the District's financial statements. On August 31, 2024, there are no defeased bonds outstanding.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt subsequent to August 1986 calculate and rebate arbitrage earnings to the federal government. Specifically, the excess of the aggregated amount earned on investments purchased with bond proceeds over the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, is to be rebated to the federal government. As of August 31, 2024, the District has recognized a current arbitrage liability of \$167,386 in the Capital Projects Fund that was rebated to the federal government after year-end. A long-term liability for rebate and yield restrictions, currently estimated at \$2,420,169, has been recognized on the Statement of Net Position for amounts due more than a year after June 30, 2024.

F. Lease Payable

The District entered into a 36-month lease as lessee for the right to use a vehicle through Ally. As of August 31, 2024, the district had 18 active leases. The leases have payments that range from \$2,229 to \$14,431 and interest rates that range from 2.0150% to 2.9010%. As of August 31, 2024, the total combined value of the lease liability is \$279,195, the total combined value of the short-term lease liability is \$99,488. The combined value of the right to use asset, as of August 31, 2024 of \$391,324 with accumulated amortization of \$122,850.

Principal and interest requirements to maturity are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2025	\$ 99,488	\$ 5,530	\$ 105,018
2026	100,151	3,162	103,313
2027	79,556	837	80,393
Totals	<u>\$ 279,195</u>	<u>\$ 9,529</u>	<u>\$ 288,724</u>

G. SBITA Payable

As of August 31, 2024, Denison Independent School District, TX had 7 active subscriptions. The subscriptions have payments that range from \$2,980 to \$103,359 and interest rates that range from 2.0237% to 2.7070%. As of August 31, 2024, the total combined value of the subscription liability is \$46,465, and the total combined value of the short-term subscription liability is \$25,204. The combined value of the right to use asset, as of August 31, 2024 of \$149,158 with accumulated amortization of \$81,901.

Debt service requirements on SBITA payables at August 31, 2024, are as follows:

Year Ended August 31,	Principal	Interest	Total Requirements
2025	\$ 25,204	\$ 1,221	\$ 26,425
2026	21,261	565	21,826
Totals	<u>\$ 46,465</u>	<u>\$ 1,786</u>	<u>\$ 48,251</u>

H. **Pension Plan**

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

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

Pension Plan Fiduciary Net Position - Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov, 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 in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

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

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 2020 thru 2025.

	Contribution Rates	
	2023	2024
Member	8.00%	8.25%
Non-employer contributing entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
Current fiscal year employer contributions		\$ 1,419,519
Current fiscal year member contributions		3,215,529
2023 measurement year NECE on-behalf contributions		2,193,658

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

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

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

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

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

Actuarial Assumptions - The total pension liability in the August 31, 2022 actuarial valuation was rolled forward to August 31, 2023, and 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%
Long-term expected Investment Rate of Return	7%
Municipal Bond Rate as of August 2023	4.13% - Source for the rate is the Fixed Income Market Data/ Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.3%
Salary Increases Including Inflation	2.95% to 8.95%
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 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 percent. 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 System's target asset allocation as of August 31, 2023 (see page 56 of the 2023 TRS ACFR) are summarized below:

Asset Class ¹	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources and Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity			
Risk Parity	8.00%	4.50%	0.40%
Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag ⁴			-0.90%
Expected Return	100.00%		8.00%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the FY2023 policy model.

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

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

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% lower than and 1% higher than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of net pension liability	\$ 25,340,235	\$ 16,949,362	\$ 9,972,347

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2024, the District reported a liability of \$16,949,362 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 16,949,362
State's proportionate share that is associated with the District	<u>29,314,419</u>
Total	<u>\$ 46,263,781</u>

The net pension liability was measured as of August 31, 2023, and the total pension liability used in the measurement was rolled forward from an actuarial valuation as of August 31, 2022. 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 0.0246750264%, which was a decrease of 0.0011420091% from its proportion measured as of August 31, 2022.

Changes Since the Prior Actuarial Valuation - The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

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

For the year ended August 31, 2024, the District's recognized pension expense was \$7,351,734 and revenue of \$4,426,224 for support provided by the State.

At August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 603,912	\$ 205,238
Changes in actuarial assumptions	1,603,078	392,310
Difference between projected and actual investment earnings	2,466,543	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,043,820	429,273
Contributions paid to TRS subsequent to the measurement date	<u>1,419,519</u>	<u>-</u>
Total as of fiscal year-end	<u>\$ 7,136,872</u>	<u>\$ 1,026,821</u>

\$1,419,519 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total Pension Liability for the year ending August 31, 2025. Other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended August 31,	Pension Expense
2025	\$ 933,783
2026	631,021
2027	2,260,675
2028	740,721
2029	124,331

I. 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 - Detailed information about 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>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided - TRS-Care provides basic health insurance coverage (TRS-Care 1), at no cost to all 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 the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

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

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

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

	Contribution Rates	
	2023	2024
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%
Current fiscal year employer contributions		\$ 326,247
Current fiscal year member contributions		253,347
2023 measurement year NECE on-behalf contributions		373,826

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

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total OPEB liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2023 TRS ACFR, Note 9, page 79.

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	Expected Payroll Growth
Rates of Disability	

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

Additional Actuarial Methods and Assumptions

Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience.
Expenses	Third-Party Administrative expenses related to the deliver of health care benefits are included in 2.95% to 8.95%
Projected Salary Increases	
Election Rates	Normal Retirement 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at 65
Ad hoc post-employment benefit changes	None
Payroll growth rate	2.90%
Healthcare Trend Rates	The initial medical trend rates were 7.75 percent for Medicare retirees and 7.00 percent for non-Medicare retirees. The initial prescription drug trend rate was 7.75 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.

Discount Rate - A single discount rate of 4.13 percent was used to measure the total OPEB liability. This was an increase of 0.22 percent in the discount rate since the previous year. The Discount Rate can be found in the 2023 TRS ACFR on page 80.

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 discounted rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.12%)	Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
Proportionate share of net OPEB liability	\$ 9,312,002	\$ 7,906,323	\$ 6,759,255

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2024, the District reported a liability of \$7,906,323 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	\$ 7,906,323
State's proportionate share that is associated with the District	9,540,194
Total	<u>\$ 17,446,517</u>

The Net OPEB Liability was measured as of August 31, 2023 and the Total OPEB Liability used to calculate the net OPEB Liability was rolled forward from an actuarial valuation as of August 31, 2022. The employer's proportion of the net OPEB liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2024 the employer's proportion of the collective Net OPEB Liability was 0.0357133164% which was a decrease of 0.0002222035% from its proportion measured as of August 31, 2022.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	\$ 6,510,461	\$ 7,906,323	\$ 9,702,104

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

For the year ended August 31, 2024, the District recognized OPEB expense of \$3,374,445 and revenue of \$2,039,492 for support provided by the State.

At August 31, 2024, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 357,701	\$ 6,651,673
Changes in actuarial assumptions	1,079,155	4,841,251
Differences between projected and actual investment earnings	3,416	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	1,487,925	800,413
Contributions paid to OPEB subsequent to the measurement date	326,247	-
Total as of fiscal year-end	\$ 3,254,444	\$ 12,293,337

\$326,247 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction for the Total OPEB Liability for the year ending August 31, 2025. Other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended August 31,	OPEB Expense
2025	\$ (1,992,762)
2026	(1,630,137)
2027	(1,139,202)
2028	(1,368,387)
2029	(1,242,395)
Thereafter	(1,992,257)

J. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$207,030, \$198,648, and \$145,529, were recognized for the years ended August 31, 2024, 2023, and 2022, respectively, as equal revenues and expenditures.

K. Active Employee Health Care Coverage

During the period ended August 31, 2024, employees of the District were covered by a state-wide health care plan, TRS Active Care. The District's participation in this plan is renewable annually. The District paid into the Plan \$334 per month per employee. Employees, at their option, pay premiums for any coverage above these amounts as well as for dependent coverage.

The Teachers Retirement System (TRS) manages TRS Active Care. The medical plan is administered by Blue Cross and Blue Shield of Texas, FIRSTCARE and Scott and White HMO. Medco Health administers the prescription drug plan. The latest financial information on the statewide plan may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS website, www.trs.state.tx.us.

L. Workers' Compensation Program

During the year, the District met its statutory workers' compensation obligations through participation in the Texas Association of School Boards ("TASB") Risk Management Fund (the "Fund"). The Fund was created and is operated under the provision of the Inter-local Cooperation Act, Chapter 491 of the Texas Governmental Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The member participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims.

The Fund and its members are protected against higher-than-expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year ended May 31, 2021, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of May 31, 2021, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

The following is the District's estimated outstanding liability as of August 31, 2024.

Coverage Period	Aggregate Deductible	Estimated Total Paid Loss & ALAE	Selected Ultimate Loss & ALAE	Net Retained Outstanding Loss & ALAE
2021	\$ 173,153	\$ 38,051	\$ 38,085	\$ 35
2022	189,695	81,976	90,574	8,598
2023	176,634	155,958	176,634	20,676
2024	233,868	87,161	233,868	146,707
Total				<u>\$ 176,016</u>

M. Commitments and Contingencies

Minimum foundation funding received from TEA is based primarily upon information concerning average daily attendance at the District's schools which is compiled by the District and supplied to TEA. Federal funding for Food Service under child nutrition programs is based primarily on the number and type of meals served and on user charges as reported to the United States Department of Agriculture ("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.

These 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.

N. Expenditures in Excess of Budgeted Appropriations

During the fiscal year, expenditures exceeded budgeted appropriations within the bond issuance costs and fees function within the Debt Service Fund in the amount of \$13,575. Existing fund balance covered the overage. For information regarding the General Fund's budget, and related overages, see Schedule G-1 and the Notes to Required Budgetary Schedule.

O. Shared Services Arrangements

The District participates in a shared service arrangement for Special Education Services, with other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

P. Significant Forthcoming Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2024, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

REQUIRED SUPPLEMENTARY INFORMATION

DENISON INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 25,080,000	\$25,080,000	\$24,238,533	\$ (841,467)
5800	State programs	28,185,000	28,185,000	29,048,004	863,004
5900	Federal programs	1,050,000	1,050,000	841,768	(208,232)
5020	Total revenues	54,315,000	54,315,000	54,128,305	(186,695)
EXPENDITURES					
Current:					
0011	Instruction	30,157,970	29,832,870	28,834,190	998,680
0012	Instructional resources and media services	520,935	520,935	464,694	56,241
0013	Curriculum and instructional staff development	391,518	451,518	366,615	84,903
0021	Instructional leadership	840,237	840,237	778,016	62,221
0023	School leadership	2,816,235	2,816,235	2,662,949	153,286
0031	Guidance, counseling and evaluation services	2,342,932	2,342,932	2,202,240	140,692
0033	Health services	624,625	669,625	638,160	31,465
0034	Student (pupil) transportation	2,403,850	2,403,850	2,265,044	138,806
0036	Extracurricular activities	2,278,055	2,368,055	2,216,379	151,676
0041	General administration	2,243,200	2,203,200	2,052,924	150,276
0051	Facilities maintenance and operations	8,371,080	8,371,080	8,260,908	110,172
0052	Security and monitoring services	955,650	1,075,650	972,485	103,165
0053	Data processing services	1,040,200	1,060,200	905,380	154,820
Debt service:					
0071	Principal on long term debt	173,500	323,500	243,550	79,950
0072	Interest on long term debt	3,800	13,900	11,424	2,476
Capital Outlay:					
0081	Facilities acquisition and construction	250,000	549,000	428,474	120,526
Intergovernmental:					
0095	Payments to juvenile justice alternate education program	-	20,000	5,280	14,720
0099	Other intergovernmental charges	850,000	760,000	756,923	3,077
6030	Total expenditures	56,263,787	56,622,787	54,065,635	2,557,152
1100	Excess (deficiency) of revenues over (under) expenditures	(1,948,787)	(2,307,787)	62,670	2,370,457
OTHER FINANCING SOURCES (USES)					
7913	Issuance of lease	-	-	27,313	27,313
7949	Issuance of SBITA	-	67,501	-	(67,501)
7080	Total other financing sources (uses)	-	67,501	27,313	(40,188)
1200	NET CHANGE IN FUND BALANCE	(1,948,787)	(2,240,286)	89,983	2,330,269
0100	FUND BALANCE, BEGINNING	18,850,914	18,850,914	18,850,914	-
3000	FUND BALANCE, ENDING	\$ 16,902,127	\$16,610,628	\$18,940,897	\$2,330,269

DENISON INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED BUDGETARY SCHEDULE

AUGUST 31, 2024

Budgetary Information

Budgets are prepared annually for the General Fund, National Breakfast and Lunch Program Fund (special revenue fund), and Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by August 20 and is adopted by the Board at a public meeting after ten days' public notice of the meeting has been given. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was amended by the Board as needed throughout the year.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. There were no material outstanding encumbrances at August 31, 2024 that were provided for in the subsequent year's budget.

DENISON INDEPENDENT SCHOOL DISTRICT**SCHEDULE TO THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM****FOR THE YEAR ENDED AUGUST 31, 2024**

Measurement Year Ended August 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability (asset)	0.0246750%	0.0235330%	0.0237568%	0.0213593%
District's proportionate share of net pension liability (asset)	\$ 16,949,362	\$ 13,970,947	\$ 6,050,028	\$ 11,439,598
States proportionate share of the net pension liability (asset) associated with the District	<u>29,314,419</u>	<u>25,806,089</u>	<u>12,076,306</u>	<u>25,014,028</u>
Total	<u>\$ 46,263,781</u>	<u>\$ 39,777,036</u>	<u>\$ 18,126,334</u>	<u>\$ 36,453,626</u>
District's covered payroll	\$ 36,838,113	\$ 34,286,407	\$ 31,455,919	\$ 31,777,526
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.01%	40.75%	19.23%	36.00%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0233474%	0.0230205%	0.0245013%	0.0248288%	0.0257218%	0.0148228%
\$ 12,136,721	\$ 12,671,035	\$ 7,834,199	\$ 9,382,436	\$ 9,092,314	\$ 3,959,374
<u>22,472,777</u>	<u>24,169,278</u>	<u>14,054,242</u>	<u>17,335,072</u>	<u>17,095,382</u>	<u>14,670,278</u>
<u>\$ 34,609,498</u>	<u>\$ 36,840,313</u>	<u>\$ 21,888,441</u>	<u>\$ 26,717,508</u>	<u>\$ 26,187,696</u>	<u>\$ 18,629,652</u>
\$ 29,361,977	\$ 28,223,304	\$ 27,776,413	\$ 27,552,253	\$ 27,037,717	\$ 25,748,904
41.33%	44.90%	28.20%	34.05%	33.63%	15.38%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

DENISON INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM****FOR THE YEAR ENDED AUGUST 31, 2024**

Fiscal Year Ended August 31,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 1,419,519	\$ 1,268,360	\$ 1,095,442	\$ 1,014,667
Contribution in relation to the contractually required contribution	<u>(1,419,519)</u>	<u>(1,268,360)</u>	<u>(1,095,442)</u>	<u>(1,014,667)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 38,976,115	\$ 36,838,113	\$ 34,286,407	\$ 34,106,252
Contributions as a percentage of covered payroll	3.64%	3.44%	3.19%	2.98%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 881,535	\$ 816,272	\$ 777,341	\$ 803,010	\$ 788,874	\$ 761,635
<u>(881,535)</u>	<u>(816,272)</u>	<u>(777,341)</u>	<u>(803,010)</u>	<u>(788,874)</u>	<u>(761,635)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 31,777,526	\$ 29,361,977	\$ 28,223,304	\$ 27,776,413	\$ 27,552,253	\$ 27,037,717
2.77%	2.78%	2.75%	2.89%	2.86%	2.82%

DENISON INDEPENDENT SCHOOL DISTRICT**EXHIBIT G-4**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED AUGUST 31, 2024

Measurement Year Ended August 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability (asset)	0.0357133%	0.0354911%	0.0372107%	0.0360923%
District's proportionate share of net OPEB liability (asset)	7,906,323	8,497,994	14,353,826	13,720,328
States proportionate share of the net OPEB liability (asset) associated with the District	<u>9,540,194</u>	<u>10,366,218</u>	<u>19,230,928</u>	<u>18,436,832</u>
Total	<u>\$ 17,446,517</u>	<u>\$ 18,864,212</u>	<u>\$ 33,584,754</u>	<u>\$ 32,157,160</u>
District's covered employee payroll	\$ 36,838,113	\$ 34,286,407	\$ 31,455,919	\$ 31,777,526
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	21.46%	24.79%	45.63%	43.18%
Plan fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.18%	4.99%

Note: 10 years of information is required, but information prior to 2017 is not available.

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.0352563%	0.0338934%	0.0327220%
16,673,129	16,923,284	14,229,567
<u>22,154,856</u>	<u>23,979,737</u>	<u>21,660,937</u>
<u>\$ 38,827,985</u>	<u>\$ 40,903,021</u>	<u>\$ 35,890,504</u>
\$ 29,361,977	\$ 28,223,304	\$ 27,776,413
56.78%	59.96%	51.23%
2.66%	1.57%	0.91%

DENISON INDEPENDENT SCHOOL DISTRICT**EXHIBIT G-5****SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM****FOR THE YEAR ENDED AUGUST 31, 2024**

Fiscal Year Ended August 31,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 326,247	\$ 309,539	\$ 290,910	\$ 290,701
Contribution in relation to the contractually required contribution	<u>(326,247)</u>	<u>(309,539)</u>	<u>(290,910)</u>	<u>(290,701)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 38,976,115	\$ 36,838,113	\$ 34,286,407	\$ 34,106,252
Contributions as a percentage of covered payroll	0.84%	0.84%	0.85%	0.85%

Note: 10 years of information is required, but information prior to 2018 is not available.

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 274,862	\$ 249,687	\$ 233,812
<u>(274,862)</u>	<u>(249,687)</u>	<u>(233,812)</u>
\$ -	\$ -	\$ -
\$ 31,777,526	\$ 29,361,977	\$ 28,223,304
0.86%	0.85%	0.83%

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COMBINING STATEMENTS

DENISON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2024

Data Control Codes		Special Revenue Funds			
		205	211	224	225
		Head Start	ESEA I, A Improving Basic Program	IDEA-B Formula	IDEA-B Preschool
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from other governments	52,844	236,730	214,806	4,791
1300	Inventories	-	-	-	-
1000	Total assets	<u>52,844</u>	<u>236,730</u>	<u>214,806</u>	<u>4,791</u>
LIABILITIES					
2110	Accounts payable	547	-	-	-
2160	Accrued wages payable	1,359	31,213	20,563	436
2170	Due to other funds	50,938	205,517	194,243	4,355
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>52,844</u>	<u>236,730</u>	<u>214,806</u>	<u>4,791</u>
FUND BALANCES					
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted for federal and state grant programs	-	-	-	-
3545	Committed for campus activity	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 52,844</u>	<u>\$ 236,730</u>	<u>\$ 214,806</u>	<u>\$ 4,791</u>

Special Revenue Funds						
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	284 IDEA-B Formula ARPA	288 Title VI, Indian Educ Grant
\$ 565,395	\$ 160	\$ -	\$ -	\$ -	\$ 97,897	\$ -
242,238	395	-	40,210	41,992	-	-
72,863	-	-	-	-	-	-
<u>880,496</u>	<u>555</u>	<u>-</u>	<u>40,210</u>	<u>41,992</u>	<u>97,897</u>	<u>-</u>
146,399	-	-	-	-	-	-
24,765	-	-	3,275	-	97,897	-
-	555	-	36,935	41,992	-	-
-	-	-	-	-	-	-
<u>171,164</u>	<u>555</u>	<u>-</u>	<u>40,210</u>	<u>41,992</u>	<u>97,897</u>	<u>-</u>
72,863	-	-	-	-	-	-
636,469	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>709,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 880,496</u>	<u>\$ 555</u>	<u>\$ -</u>	<u>\$ 40,210</u>	<u>\$ 41,992</u>	<u>\$ 97,897</u>	<u>\$ -</u>

DENISON INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2024

Data Control Codes		Special Revenue Funds			
		289 Title IV, Part A, Subpart 1	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ 5,296	\$ -
1240	Due from other governments	12,182	-	-	1,025,167
1300	Inventories	-	-	-	-
1000	Total assets	12,182	-	5,296	1,025,167
LIABILITIES					
2110	Accounts payable	-	-	-	-
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	12,182	-	-	1,025,167
2300	Unearned revenue	-	-	5,296	-
2000	Total liabilities	12,182	-	5,296	1,025,167
FUND BALANCES					
3410	Nonspendable - inventories	-	-	-	-
3450	Restricted for federal and state grant programs	-	-	-	-
3545	Committed for campus activity	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total fund balances	-	-	-	-
4000	Total liabilities and fund balances	\$ 12,182	\$ -	\$ 5,296	\$ 1,025,167

Special Revenue Funds			
429 Other Special Revenue Funds	461 Campus Activity Funds	483 Local Grants	Total Nonmajor Governmental Funds
\$ -	\$ 657,087	\$ 150,000	\$ 1,475,835
277,301	-	-	2,148,656
-	-	-	72,863
<u>277,301</u>	<u>657,087</u>	<u>150,000</u>	<u>3,697,354</u>
-	2,088	-	149,034
1,750	6,637	165	188,060
275,551	-	69,050	1,916,485
-	-	-	5,296
<u>277,301</u>	<u>8,725</u>	<u>69,215</u>	<u>2,258,875</u>
-	-	-	72,863
-	-	-	636,469
-	648,362	-	648,362
-	-	80,785	80,785
<u>-</u>	<u>648,362</u>	<u>80,785</u>	<u>1,438,479</u>
<u>\$ 277,301</u>	<u>\$ 657,087</u>	<u>\$ 150,000</u>	<u>\$ 3,697,354</u>

DENISON INDEPENDENT SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Special Revenue Funds			
		205	211	224	225
		Head Start	ESEA I, A Improving Basic Program	IDEA Part B Formula	IDEA Part B Preschool
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State programs	-	-	-	-
5900	Federal programs	<u>271,336</u>	<u>1,338,791</u>	<u>1,062,993</u>	<u>28,141</u>
5020	Total revenues	<u>271,336</u>	<u>1,338,791</u>	<u>1,062,993</u>	<u>28,141</u>
EXPENDITURES					
	Current:				
0011	Instruction	271,336	1,234,727	619,430	28,141
0012	Instructional resources and media services	-	74,045	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	1,746	100,015	-
0023	School leadership	-	7,668	-	-
0031	Guidance, counseling and evaluation services	-	-	343,548	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	20,605	-	-
6030	Total expenditures	<u>271,336</u>	<u>1,338,791</u>	<u>1,062,993</u>	<u>28,141</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds						
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	284 IDEA-B Formula ARPA	288 Title VI, Indian Educ Grant
\$ 466,018	\$ 203	\$ -	\$ -	\$ -	\$ -	\$ -
128,777	1,287	-	-	-	-	-
<u>3,417,434</u>	<u>22,029</u>	<u>70,673</u>	<u>80,435</u>	<u>64,954</u>	<u>3,875</u>	<u>39,017</u>
<u>4,012,229</u>	<u>23,519</u>	<u>70,673</u>	<u>80,435</u>	<u>64,954</u>	<u>3,875</u>	<u>39,017</u>
-	-	70,673	16,801	64,954	3,875	39,017
-	-	-	-	-	-	-
-	-	-	63,634	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,531,076	23,519	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,531,076</u>	<u>23,519</u>	<u>70,673</u>	<u>80,435</u>	<u>64,954</u>	<u>3,875</u>	<u>39,017</u>
<u>(518,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,228,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 709,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DENISON INDEPENDENT SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Special Revenue Funds			
		289 Title IV, Part A, Subpart 1	385 Visually Impaired SSVI	397 Advanced Placement Incentives	410 State Instructional Materials
	REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State programs	-	2,711	-	1,025,167
5900	Federal programs	<u>119,231</u>	<u>-</u>	<u>-</u>	<u>-</u>
5020	Total revenues	<u>119,231</u>	<u>2,711</u>	<u>-</u>	<u>1,025,167</u>
	EXPENDITURES				
	Current:				
0011	Instruction	69,231	2,711	-	1,025,167
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	50,000	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total expenditures	<u>119,231</u>	<u>2,711</u>	<u>-</u>	<u>1,025,167</u>
1200	Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
0100	Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds			
429 Other Special Revenue Funds	461 Campus Activity Funds	483 Local Grants	Total Nonmajor Governmental Funds
\$ -	\$ 548,417	\$ 365,728	\$ 1,380,366
455,151	-	-	1,613,093
-	-	-	6,518,909
<u>455,151</u>	<u>548,417</u>	<u>365,728</u>	<u>9,473,351</u>
109,854	-	653,040	4,208,957
-	-	-	74,045
-	-	-	63,634
-	-	-	101,761
-	-	-	7,668
-	-	-	393,548
-	-	-	4,554,595
-	418,171	-	418,171
345,297	-	-	345,297
-	-	-	20,605
<u>455,151</u>	<u>418,171</u>	<u>653,040</u>	<u>10,149,264</u>
-	130,246	(287,312)	(675,913)
-	518,116	368,097	2,114,392
<u>\$ -</u>	<u>\$ 648,362</u>	<u>\$ 80,785</u>	<u>\$ 1,438,479</u>

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REQUIRED TEA SCHEDULES

DENISON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2024

Last Ten Years Ended August 31,	1	2	3	10
	Tax Rates		Net Assessed/ Appraised Value for School Tax Purpose	Beginning Balance 9/1/2023
	Maintenance	Debt Service		
2015 and prior years	various	various	various	\$ 195,615
2016	1.170000	0.329200	1,349,069,570	25,484
2017	1.170000	0.329200	1,384,519,410	38,592
2018	1.170000	0.329200	1,496,209,912	50,126
2019	1.170000	0.329200	1,603,965,648	69,439
2020	1.068350	0.329200	1,798,602,998	91,591
2021	0.993100	0.329200	2,031,368,037	168,229
2022	0.960300	0.329200	2,215,161,234	239,707
2023	0.942900	0.329200	2,908,968,084	963,450
2024	0.757500	0.4050	3,024,246,194	-
1000 Totals				<u>\$ 1,842,233</u>
8000 - Taxes refunded				
9000 - Tax increment				

EXHIBIT J-1

20	31	32	40	50	99
Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2024	Total Taxes Refunded under Section 26.1115 (c)
\$ -	\$ 7,336	\$ 2,064	\$ (118)	\$ 186,097	
-	1,316	370	(33)	23,765	
-	1,708	481	(35)	36,368	
-	2,813	791	(35)	46,487	
-	3,380	951	(1,975)	63,133	
-	6,694	2,062	(1,371)	81,464	
-	38,840	12,875	(246)	116,268	
-	46,814	16,048	(23,428)	153,417	
-	274,931	95,988	(135,023)	457,508	
<u>35,156,862</u>	<u>21,993,556</u>	<u>11,760,927</u>	<u>(516,875)</u>	<u>885,504</u>	
<u>\$ 35,156,862</u>	<u>\$ 22,377,388</u>	<u>\$ 11,892,557</u>	<u>\$ (679,139)</u>	<u>\$ 2,050,011</u>	
					<u>\$ 38,872</u>
	<u>\$ -</u>				

DENISON INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NATIONAL BREAKFAST AND LUNCH PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 280,000	\$ 665,000	\$ 466,018	\$ (198,982)
5800	State program	124,000	124,000	128,777	4,777
5900	Federal program	3,300,000	3,400,000	3,417,434	17,434
5020	Total revenues	3,704,000	4,189,000	4,012,229	(176,771)
EXPENDITURES					
Current:					
0035	Food service	3,928,000	4,945,000	4,531,076	413,924
6030	Total expenditures	3,928,000	4,945,000	4,531,076	413,924
1200	Net change in fund balances	(224,000)	(756,000)	(518,847)	237,153
0100	Fund balance - beginning	1,228,179	1,228,179	1,228,179	-
3000	Fund balance - ending	\$ 1,004,179	\$ 472,179	\$ 709,332	\$ 237,153

DENISON INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$ 13,210,000	\$ 13,210,000	\$ 12,447,539	\$ (762,461)
5800	State program	<u>310,000</u>	<u>310,000</u>	<u>1,802,578</u>	<u>1,492,578</u>
5020	Total revenues	<u>13,520,000</u>	<u>13,520,000</u>	<u>14,250,117</u>	<u>730,117</u>
	EXPENDITURES				
	Debt service:				
0071	Principal on long-term debt	3,405,000	5,810,000	5,810,000	-
0072	Interest on long-term debt	10,062,453	7,657,453	7,657,453	-
0073	Bond issuance costs and fees	<u>20,000</u>	<u>20,000</u>	<u>6,425</u>	<u>(13,575)</u>
6030	Total expenditures	<u>13,487,453</u>	<u>13,487,453</u>	<u>13,473,878</u>	<u>(13,575)</u>
1200	Net change in fund balances	32,547	32,547	776,239	743,692
0100	Fund balance - beginning	<u>4,080,957</u>	<u>4,080,957</u>	<u>4,080,957</u>	<u>-</u>
3000	Fund balance - ending	<u>\$ 4,113,504</u>	<u>\$ 4,113,504</u>	<u>\$ 4,857,196</u>	<u>\$ 743,692</u>

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2024

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 5,113,955
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 2,937,455

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 325,402
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25)	\$ 238,015

FEDERAL AWARDS AND OTHER COMPLIANCE SECTION

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

Board of Trustees of
Denison Independent School District
Denison, 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 Denison Independent School District, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Denison Independent School District's basic financial statements, and have issued our report thereon dated December 17, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Report on Compliance and Other Matters

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

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 Denison Independent School 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 Denison Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 17, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Denison Independent School District
Denison, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Denison Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
December 17, 2024

DENISON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2024

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Education Agency:			
School Breakfast Program (SBP)	10.553	71402301	\$ 164,563
School Breakfast Program (SBP)	10.553	71402401	568,290
COVID-19 - School Breakfast Program (SBP)			
Seamless Summer Options (SSO)	10.553	71402301	<u>5,752</u>
Total Assistance Listing Number 10.553			<u>738,605</u>
 National School Lunch Program (NSLP)	 10.555	 71302301	 168,687
National School Lunch Program (NSLP)	10.555	71302401	1,934,714
COVID-19 - National School Lunch Program (NSLP)			
Seamless Summer Options (SSO)	10.555	71302301	<u>16,277</u>
 Total passed through the Texas Education Agency			<u>2,858,283</u>
 Passed through the Texas Department of Agriculture:			
NSLP - Commodities - Non-cash assistance	10.555	NT4XL1YGLGC5	211,113
COVID-19 - Supply Chain Assistance Program	10.555	NT4XL1YGLGC5	<u>205,627</u>
Total Assistance Listing Number 10.555			<u>2,536,418</u>
 Total Child Nutrition Cluster			<u>3,275,023</u>
 Child and Adult Food Care Program	 10.558	 NT4XL1YGLGC5	 158,210
 Private Storage Delivery and Storage Fees	 10.560	 NT4XL1YGLGC5	 <u>6,230</u>
 Total passed through the Texas Department of Agriculture			<u>581,180</u>
 TOTAL U. S. DEPARTMENT OF AGRICULTURE			<u>3,439,463</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Direct Program:			
Title VI, Indian Education Grant	84.060	S060A202561	<u>39,017</u>
Total Direct Program			<u>39,017</u>
 Passed through the Texas Education Agency:			
Title I, Part A-Improving Basic Programs	84.010A	23610101091903	1,338,789
 Special Education Grants to States (IDEA - Part B, Formula)	 84.027A	 236600010919036000	 49,330
Special Education Grants to States (IDEA - Part B, Formula)	84.027A	246600010919036000	1,013,658
COVID-19 - Special Education Grants to States (IDEA - Part B, Formula)	84.027X	225350010919035000	<u>3,875</u>
Total Assistance Listing Number 84.027			<u>1,066,863</u>
 Special Education Preschool Grants (IDEA - Part B, Preschool)	 84.173A	 236610010919036000	 2,736
Special Education Preschool Grants (IDEA - Part B, Preschool)	84.173A	246610010919036000	<u>25,405</u>
Total Assistance Listing Number 84.173			<u>28,141</u>
 Total Special Education (IDEA) Cluster			<u>1,145,004</u>
 Career and Technical Education - Basic Grants to States	 84.048A	 24420006091903	 70,673

DENISON INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2024

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	(1) Assistance Listing Number	(2A) Pass-through Entity Identifying Number	(3) Federal Expenditures
<u>U. S. DEPARTMENT OF EDUCATION (continued)</u>			
Title II, Part A - Supporting Effective Instruction State Grants	84.367A	24694501091903	80,435
Title IV, Part A - Student Support Academic Enrichment Grants	84.424A	24680101091903	69,231
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) III	84.425U	21528001091903	<u>2,794,321</u>
Total Assistance Listing Number 84.425			<u>2,794,321</u>
Total passed through the Texas Education Agency			<u>5,448,453</u>
Passed through Region 10 Education Service Center:			
Special Education Capacity Grant	84.027A	21528001091903	\$ 50,000
English Language Acquisition State Grants	84.365A	S365A160043	<u>64,954</u>
Total passed through Region 10 Education Service Center			<u>114,954</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u>5,602,424</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Region 10 Education Service Center:			
Head Start	93.600	06CH10655	<u>271,336</u>
Total Head Start Cluster			<u>271,336</u>
Total passed through Region 10 Education Service Center			<u>271,336</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>271,336</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,313,223</u>

DENISON INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2024

GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of Denison Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

INDIRECT COSTS

The District did not elect to use a de minimis cost rate as described at 2 CFR 200.414.(f) – Indirect (F&A) costs.

GRANTOR AGENCY AUDITS AND ADJUSTMENTS

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at August 31, 2024, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal revenues per the Statement of Revenues, Expenditures and	
Changes in Fund Balance - Governmental Funds (Exhibit C-3)	\$ 9,639,079
E-rate	(53,461)
Federal flood assistance	(79,969)
School health and related services revenue - not reported on SEFA	<u>(192,426)</u>
Federal expenditures per the SEFA (Exhibit K-1)	<u>\$ 9,313,223</u>

DENISON INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2024

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified,
that were not considered a material weakness None reported

Material noncompliance to the
financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified,
that were not considered a material weakness None reported

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

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR 200.516(a)? None

Identification of major programs:

Assistance Listing Numbers:

84.010

84.425

Name of Federal Program or Cluster:

Title I, Part A-Improving Basic Programs

COVID-19 Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes

**Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance With Generally Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None

DENISON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2024

None.