

MAYPEARL
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2024

Maypearl Independent School District
Annual Financial Report
For The Year Ended August 31, 2024

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Introductory Section

CERTIFICATE OF BOARD

Maypearl Independent School District
Name of School District

Ellis
County

070-915
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 19th day of December, 2024.



Signature of Board Secretary



Signature of Board President

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**FRANK MARX, III, CPA
DORI BOHL, CPA & CFE
CALEB MARX, CPA**

Independent Auditors' Report

To the Board of Trustees
Maypearl Independent School District
P. O. Drawer 40
Maypearl, Texas 76064

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 the Maypearl 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 Maypearl Independent School 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 Maypearl Independent School District, as of August 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Maypearl 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 Maypearl Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maypearl Independent School District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and*

Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. The other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024 on our consideration of Maypearl Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Maypearl Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Anderson, Marx & Bohl, P.C.

Corsicana, Texas
November 21, 2024

MAYPEARL INDEPENDENT SCHOOL DISTRICT



"A Superior Learning Community"

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Maypearl Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position on financial statement exhibit A-1 was \$16,081,375 on August 31, 2024.
- During the year, the District's primary government expenses on financial statement exhibit B-1 were \$2,816,143 less than the \$21,122,824 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs on financial statement exhibit C-2 increased \$6,251,725 from last year. Increases in interest on long-term debt and capital outlay costs primarily accounted for this increase.
- The general fund reported a fund balance this year on financial statement exhibit C-1 of \$4,901,404. The District began the current year with a fund balance in the amount of \$4,628,244.

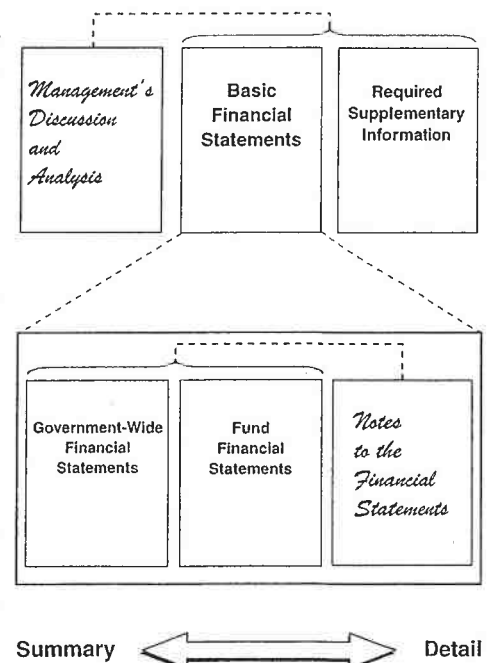
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$16.081 million on August 31, 2024. (See Table A-1).

Table A-1
Maypearl Independent School District's Net Position
(In million dollars)

	Governmental Activities		Total Percentage Change
	<u>2024</u>	<u>2023</u>	<u>2024-2023</u>
Current assets:			
Cash and cash equivalents	\$3.606	\$3.694	-2
Investments	36.280	36.256	0
Due from other governments	2.276	2.161	5
Due from other funds	.000	.000	**
Other receivables	.228	.186	23
Unrealized expenses	.117	.000	**
Total current assets:	<u>42.507</u>	<u>42.297</u>	0
Noncurrent assets:			
Land, furniture and equipment	49.041	42.076	17
Less accumulated depreciation	(18.958)	(17.530)	-8
Other noncurrent assets	.146	.153	-5
Total noncurrent assets	<u>30.229</u>	<u>24.699</u>	22
Total Assets	<u>72.736</u>	<u>66.996</u>	9
Deferred Outflows of Resources	2.879	3.060	-6
Current liabilities:			
Accounts payable and accrued	5.209	1.002	420
Claims payable	.000	.000	**
Due to other funds	.000	.000	**
Unearned revenue	.043	.043	**
Total current liabilities	<u>5.252</u>	<u>1.045</u>	403
Long-term liabilities:			
Noncurrent liabilities due in one year	.636	.922	-31
Noncurrent liabilities due more than 1	43.692	44.643	-2
Net pension liability	4.030	3.466	16
Net OPEB liability	2.080	2.252	-8
Total Liabilities	<u>55.690</u>	<u>52.328</u>	6
Deferred Inflows of Resources	3.844	4.463	-14
Net Position:			
Net investment in capital assets	16.686	13.964	20
Restricted	1.200	1.435	-16
Unrestricted	(1.805)	(2.134)	15
Total Net Position	<u>\$16.081</u>	<u>\$13.265</u>	21

The District has \$1,200,306 in restricted net position that represents proceeds from debt service of \$1,032,308 and state and federal programs of \$167,998. These proceeds when spent are restricted for the above purposes. The \$(1,805,073) of unrestricted net position represents a deficit of resources to be available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$21,122,824. A significant portion, 33 percent, of the District's revenue comes from taxes. (See Table A-2.) 4 percent comes from state aid – formula grants, while less than 1 percent relates to charges for services.

The total cost of all programs and services was \$18,306,681; 82 percent of these costs are for governmental activities associated with instructional and student services.

Governmental Activities

- Property tax rates decreased, while valuations increased. Overall, tax revenues decreased by \$623,170 or 8%.

Table A-2
Changes in Maypearl Independent School District's Net Position
(In million dollars)

	Governmental Activities		Total % Change
	2024	2023	
Program Revenues:			
Charges for Services	\$.332	\$.284	17
Operating Grants and Contributions	3.095	2.910	6
Capital Grants and Contributions	.000	.000	**
General Revenues			
Property Taxes	6.934	7.557	-8
State Aid -- Formula	8.406	6.440	31
Investment Earnings	2.232	.352	534
Other	.123	.189	-35
Total Revenues	21.122	17.732	19
Instruction	8.450	7.856	8
Instructional Resources and Media Services	.149	.148	1
Curriculum Dev. And Instructional Staff Dev.	.055	.064	-14
Instructional Leadership	.200	.213	-6
School Leadership	.998	.872	14
Guidance, Counseling and Evaluation Services	.685	.669	2
Social Work Services	.000	.000	**
Health Services	.251	.242	4
Student (Pupil) Transportation	.473	.533	-11
Food Services	.737	.549	34
Curricular/Extracurricular Activities	.693	.685	1
General Administration	.796	.706	13
Plant Maintenance & Oper.	1.907	1.702	12
Security & Monitoring Svcs.	.425	.306	39
Data Processing Services	.591	.877	-33
Community Services	.015	.000	**
Debt Services	1.881	.784	140
Facilities Acquisition and Construction	.000	.000	**
Contracted Instr. Services Between Public Schools	.000	.000	**
Increment Costs Associated Chapter 41 (WADA)	.000	.000	**
Payments to Fiscal Agent/Member Dist. - SSA	.000	.000	**
Public Education Grant Progr.	.000	.000	**
Payments to Juvenile Justice Alternative Ed. Program	.000	.000	**
Payments to Charter Schools	.000	.000	**
Payments to Tax Increment Fund	.000	.000	**
Total Expenses	18.306	16.206	13
Excess (Deficiency) Before Other Resources, Uses & Transfers	2.816	1.526	85
Other Resources (Uses)	.000	.000	**
Transfers In (Out)	.000	.000	**
Prior Period Adjustment	.000	.439	**
Increase (Decrease) in Net Position	\$2.816	\$1.965	43

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$18.306 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$6.934 million.
- Some of the cost was paid by those who directly benefited from the programs \$.332 million, or
- By grants and contributions \$3.095 million.

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Instruction	8.450	7.856	8	7.364	6.258	18
School administration	.796	.706	13	.778	.681	14
Plant Maintenance & Operations	1.907	1.702	12	1.861	1.641	13
Debt Service – Interest & Fiscal Charges	1.881	.784	140	1.584	.784	102

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$21.254 million, while the previous year it was \$18.156 million. The increase in local revenues is mainly a result of increase in investment earnings. The increase in state revenues is a result of student population changes and state funding formulas. The change in federal revenues is based on federal programs distributed through other agencies.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 9 times. Actual expenditures were \$815,110 below final budget amounts in the General Fund.

On the other hand, resources available were \$475,902 below the final budgeted amount as state revenues were less than anticipated.

CAPITAL AND RIGHT TO USE ASSETS, AND DEBT ADMINISTRATION

Capital and Right to Use Assets

At the end of 2024, the District had invested \$49,040,750 in a broad range of capital and right to use assets, including land, equipment, buildings, vehicles, and right to use assets. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$6,964,683 or 14 percent over last year.

Table A-4
District's Capital and Right to Use Assets
(In millions of dollars)

	Governmental Activities		Total Percentage Change <u>2024-2023</u>
	<u>2024</u>	<u>2023</u>	
Land	.767	.767	0
Interim Construction	5.942	.000	**
Buildings and improvements	35.259	34.663	2
Vehicles	2.485	2.464	1
Equipment	4.403	4.048	9
Right-to-Use Assets	.185	.134	38
Totals at historical cost	49.041	42.076	17
Total accumulated depreciation	(18.958)	(17.530)	-8
Net capital assets	<u>30.083</u>	<u>24.546</u>	23

The District's fiscal year 2025 capital budget anticipates continued spending of a prior year building bond of approximately \$28 million. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end, the District had \$50,437,743 in bonds, pension and OPEB liability, notes outstanding, and right of use activities as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
District's Long-Term Debt
(In millions of dollars)

	Governmental Activities		Total Percentage Change
	<u>2024</u>	<u>2023</u>	<u>2024-2023</u>
Right of use activities	.104	.091	14
Bonds payable	39.911	40.513	-1
Notes payable	1.330	1.622	-18
Pension liability	4.030	3.466	16
OPEB liability	2.080	2.252	-7
Bond Premium	2.636	2.746	-1
Accreted interest on cap apprec bond	.347	.593	-41
Less deferred amount On refundings	.000	.000	**
Total bonds & notes payable	<u>50.438</u>	<u>51.283</u>	-2

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2025 budget preparation is \$697,918,819, an increase of 1% from 2024.
- General operating fund spending per student decreased in the 2025 budget from \$12,977 to \$12,315. This is a 5% decrease.
- The District's 2025 refined average daily attendance is expected to be 1,130, an increase from 2024.

These indicators were considered when adopting the general fund budget for 2025. Amounts available for appropriation in the general fund budget are \$14,488,688, a decrease of 1 percent from the final 2024 budget.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2025.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Maypearl Independent School District's Business Services Department at P. O. Box 40, Maypearl, Texas 76064 or phone number 972-435-1000.

Basic Financial Statements

MAYPEARL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2024

Data Control Codes		1	Governmental Activities
ASSETS:			
1110	Cash and Cash Equivalents	\$	3,606,494
1120	Current Investments		36,280,120
1225	Property Taxes Receivable (Net)		217,439
1240	Due from Other Governments		2,349,557
	Other Receivables (Net)		
1290	Current Portion		10,328
1290	Noncurrent Portion		145,466
Capital and Right-to-Use Assets:			
1510	Land		767,106
1520	Buildings and Improvements, Net		20,841,952
1530	Furniture and Equipment, Net		2,430,719
1550	Right to Use Assets, Net		101,933
1580	Construction in Progress		5,941,329
1000	Total Assets		<u>72,692,443</u>
DEFERRED OUTFLOWS OF RESOURCES:			
	Deferred Outflow Related to Pensions		1,721,136
	Deferred Outflow Related to OPEB		1,157,592
1700	Total Deferred Outflows of Resources		<u>2,878,728</u>
LIABILITIES:			
2110	Accounts Payable		4,309,954
2140	Interest Payable		90,197
2165	Accrued Liabilities		808,443
Noncurrent Liabilities:			
2501	Due Within One Year		635,732
2502	Due in More Than One Year		43,691,894
2540	Net Pension Liability		4,030,128
2545	Net OPEB Liability		2,079,989
2000	Total Liabilities		<u>55,646,337</u>
DEFERRED INFLOWS OF RESOURCES:			
	Deferred Revenue Related to Leases		145,771
	Deferred Inflow Related to Pensions		223,161
	Deferred Inflow Related to OPEB		3,474,527
2600	Total Deferred Inflows of Resources		<u>3,843,459</u>
NET POSITION:			
3200	Net Investment in Capital Assets		16,686,142
Restricted For:			
3820	State and Federal Programs		167,998
3850	Debt Service		1,032,308
3900	Unrestricted		(1,805,073)
3000	Total Net Position	\$	<u>16,081,375</u>

The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 8,450,130	\$ --	\$ 1,085,748	\$ (7,364,382)
12	Instructional Resources and Media Services	149,444	--	8,444	(141,000)
13	Curriculum and Staff Development	55,187	--	--	(55,187)
21	Instructional Leadership	200,095	--	7,898	(192,197)
23	School Leadership	997,534	--	55,692	(941,842)
31	Guidance, Counseling, and Evaluation Services	685,205	--	247,242	(437,963)
33	Health Services	251,268	--	93,661	(157,607)
34	Student Transportation	473,509	--	17,047	(456,462)
35	Food Service	736,524	251,374	341,857	(143,293)
36	Cocurricular/Extracurricular Activities	692,870	80,979	19,554	(592,337)
41	General Administration	795,569	--	17,348	(778,221)
51	Facilities Maintenance and Operations	1,906,944	--	45,917	(1,861,027)
52	Security and Monitoring Services	424,900	--	831,566	406,666
53	Data Processing Services	591,365	--	24,988	(566,377)
61	Community Services	15,395	--	771	(14,624)
72	Interest on Long-term Debt	1,877,216	--	297,241	(1,579,975)
73	Bond Issuance Costs and Fees	3,526	--	--	(3,526)
TG	Total Governmental Activities	18,306,681	332,353	3,094,974	(14,879,354)
TP	Total Primary Government	\$ 18,306,681	\$ 332,353	\$ 3,094,974	(14,879,354)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				4,740,959
DT	Property Taxes, Levied for Debt Service				2,193,214
IE	Investment Earnings				2,231,776
SF	State Aid-Formula Grants				8,406,286
MI	Miscellaneous				123,262
TR	Total General Revenues				17,695,497
CN	Change in Net Position				2,816,143
NB	Net Position - Beginning				13,265,232
NE	Net Position - Ending				\$ 16,081,375

The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2024

Data Control Codes	10 General Fund	50 Debt Service Fund
ASSETS:		
1110 Cash and Cash Equivalents	\$ 3,834,463	\$ 157
1120 Current Investments	253,821	969,546
1225 Taxes Receivable, Net	154,834	62,605
1240 Due from Other Governments	1,661,103	--
1260 Due from Other Funds	5,391	--
Other Receivables, Net		
1290 Current Portion	10,328	--
1290 Noncurrent Portion	145,466	--
1000 Total Assets	<u>\$ 6,065,406</u>	<u>\$ 1,032,308</u>
LIABILITIES:		
Current Liabilities:		
2110 Accounts Payable	\$ 73,886	\$ --
2150 Payroll Deductions and Withholdings	6,718	--
2160 Accrued Wages Payable	726,996	--
2170 Due to Other Funds	40,377	--
2200 Accrued Expenditures	15,420	--
2000 Total Liabilities	<u>863,397</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable Revenue - Property Taxes	154,834	62,605
Unavailable Revenue - Leases	145,771	--
2600 Total Deferred Inflows of Resources	<u>300,605</u>	<u>62,605</u>
FUND BALANCES:		
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3470 Capital Acquisitions and Contractual Obligations	--	--
3480 Retirement of Long-Term Debt	--	969,703
Assigned Fund Balances:		
3550 Construction	2,000,000	--
3590 Other Assigned Fund Balance	--	--
3600 Unassigned	2,901,404	--
3000 Total Fund Balances	<u>4,901,404</u>	<u>969,703</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 6,065,406</u>	<u>\$ 1,032,308</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ (228,126)	\$ 3,606,494
35,056,753	--	36,280,120
--	--	217,439
--	688,454	2,349,557
--	37,598	42,989
--	--	10,328
--	--	145,466
<u>\$ 35,056,753</u>	<u>\$ 497,926</u>	<u>\$ 42,652,393</u>
\$ 4,035,827	\$ 200,241	\$ 4,309,954
--	--	6,718
--	54,926	781,922
--	2,612	42,989
--	4,383	19,803
<u>4,035,827</u>	<u>262,162</u>	<u>5,161,386</u>
--	--	217,439
--	--	145,771
<u>--</u>	<u>--</u>	<u>363,210</u>
--	167,998	167,998
31,020,926	--	31,020,926
--	--	969,703
--	--	2,000,000
--	67,766	67,766
--	--	2,901,404
<u>31,020,926</u>	<u>235,764</u>	<u>37,127,797</u>
<u>\$ 35,056,753</u>	<u>\$ 497,926</u>	<u>\$ 42,652,393</u>

MAYPEARL INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 AUGUST 31, 2024*

Total fund balances - governmental funds balance sheet	\$ 37,127,797
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	30,083,039
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	217,439
Payables for bond principal which are not due in the current period are not reported in the funds.	(39,776,320)
Payables for right-to-use leases which are not due in the current period are not reported in the funds.	(53,794)
Payables for debt interest which are not due in the current period are not reported in the funds.	(90,197)
Payables for notes which are not due in the current period are not reported in the funds.	(1,465,326)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(4,030,128)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(223,161)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,721,136
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(346,720)
Bond premiums are amortized in the SNA but not in the funds.	(2,635,868)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(2,079,989)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(3,474,527)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	1,157,592
Payables for subscriptions which are not due in the current period are not reported in the funds.	(49,598)
Net position of governmental activities - Statement of Net Position	\$ <u>16,081,375</u>

The accompanying notes are an integral part of this statement.

MAYPEARL 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 General Fund	50 Debt Service Fund
REVENUES:			
5700	Local and Intermediate Sources	\$ 5,124,247	\$ 2,256,253
5800	State Program Revenues	9,250,314	297,241
5900	Federal Program Revenues	80,009	--
5020	Total Revenues	<u>14,454,570</u>	<u>2,553,494</u>
EXPENDITURES:			
Current:			
0011	Instruction	7,180,418	--
0012	Instructional Resources and Media Services	138,799	--
0013	Curriculum and Staff Development	50,404	--
0021	Instructional Leadership	185,148	--
0023	School Leadership	926,977	--
0031	Guidance, Counseling, and Evaluation Services	404,929	--
0033	Health Services	233,380	--
0034	Student Transportation	437,144	--
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	580,373	--
0041	General Administration	732,118	--
0051	Facilities Maintenance and Operations	1,754,185	--
0052	Security and Monitoring Services	366,687	--
0053	Data Processing Services	593,885	--
0061	Community Services	14,269	--
0071	Principal on Long-term Debt	460,515	471,639
0072	Interest on Long-term Debt	70,905	2,128,814
0073	Bond Issuance Costs and Fees	2,636	1,000
0081	Capital Outlay	99,155	--
6030	Total Expenditures	<u>14,231,927</u>	<u>2,601,453</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>222,643</u>	<u>(47,959)</u>
Other Financing Sources and (Uses):			
7913	Issuance of Right to Use Subscription Assets	50,517	--
7080	Total Other Financing Sources and (Uses)	<u>50,517</u>	<u>--</u>
1200	Net Change in Fund Balances	<u>273,160</u>	<u>(47,959)</u>
0100	Fund Balances - Beginning	4,628,244	1,017,662
3000	Fund Balances - Ending	<u>\$ 4,901,404</u>	<u>\$ 969,703</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 Capital Projects Fund	onmf Other Governmental Funds	98 Total Governmental Funds
\$ 1,893,412	\$ 305,810	\$ 9,579,722
--	1,040,609	10,588,164
--	1,006,164	1,086,173
<u>1,893,412</u>	<u>2,352,583</u>	<u>21,254,059</u>
--	765,268	7,945,686
--	--	138,799
--	--	50,404
--	--	185,148
--	--	926,977
--	227,560	632,489
--	--	233,380
--	--	437,144
--	797,855	797,855
--	58,292	638,665
--	--	732,118
--	--	1,754,185
--	712,088	1,078,775
--	--	593,885
--	--	14,269
--	--	932,154
--	--	2,199,719
--	--	3,636
5,913,233	--	6,012,388
<u>5,913,233</u>	<u>2,561,063</u>	<u>25,307,676</u>
<u>(4,019,821)</u>	<u>(208,480)</u>	<u>(4,053,617)</u>
--	--	50,517
--	--	50,517
<u>(4,019,821)</u>	<u>(208,480)</u>	<u>(4,003,100)</u>
35,040,747	444,244	41,130,897
<u>\$ 31,020,926</u>	<u>\$ 235,764</u>	<u>\$ 37,127,797</u>

MAYPEARL INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024*

Net change in fund balances - total governmental funds	\$ (4,003,100)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	6,964,683
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,427,376)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	41,842
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	471,639
Repayment of right-to-use lease principal is an expenditure in the funds but is not an expense in the SOA.	21,837
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	421,743
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	109,828
The accretion of interest on capital appreciation bonds is not reported in the funds.	246,401
(Increase) decrease in accrued interest from beginning of period to end of period.	(33,616)
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows.	(393,907)
Implementing GASB 75 required certain expenditures to be de-expended and recorded as deferred resource outflows.	429,751
Repayment of subscription principal is an expenditure in the funds, but is not an expense in the SOA.	16,935
Proceeds of subscriptions do not provide revenue in the SOA, but are reported as current resources in the funds.	(50,517)
Change in net position of governmental activities - Statement of Activities	<u>\$ 2,816,143</u>

The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2024**

Data Control Codes		Private-purpose Trust Funds	Custodial Funds
		Trust Funds	Student Activity
	ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 20,549	\$ 91,757
1120	<i>Current Investments</i>	50,788	--
1000	Total Assets	<u>71,337</u>	<u>91,757</u>
	LIABILITIES:		
2000	Total Liabilities	<u>--</u>	<u>--</u>
	NET POSITION:		
3800	<i>Held in Trust</i>	71,337	--
3800	<i>Restricted for Indiv., Org., and Other Gov.</i>	--	91,757
3000	Total Net Position	<u>\$ 71,337</u>	<u>\$ 91,757</u>

The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	Private-purpose Trust Funds	Custodial Funds
	Trust Funds	Student Activity
ADDITIONS:	\$	\$
Investment Income	2,749	--
Contributions from Foundations, Gifts and Bequests	7,600	--
Student Group Fundraising Activities	--	75,436
Total Additions	<u>10,349</u>	<u>75,436</u>
DEDUCTIONS:		
Scholarship Awards	10,237	--
Benefits to Student Groups	--	81,015
Total Deductions	<u>10,237</u>	<u>81,015</u>
Change in Fiduciary Net Position	112	(5,579)
Net Position-Beginning of the Year	71,225	97,336
Net Position-End of the Year	<u>\$ 71,337</u>	<u>\$ 91,757</u>

The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

Debt Service Fund: This fund accounts for all dedicated revenues for bonded debt along with the corresponding debt payments.

Capital Projects Fund: This fund is used to account for significant, ongoing capital projects of the District.

In addition, the District reports the following fund types:

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

Special Revenue Funds: These funds account for the resources restricted or committed for specific purposes. Federal revenues are generally accounted for in special revenue funds, as is some state assistance. Amounts unspent may be returned to the grantor agency at the close of the applicable project period.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or custodial capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

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

3. Financial Statement Amounts

a. 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.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

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. There is an allowance for uncollectible taxes of \$32,894 as of August 31, 2024.

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital and Right of Use Assets

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

Capital and right of use assets are being depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	5-10
Equipment	3-15
Right-to-use Lease Assets	2-5
Right-to-use Subscription Assets	2-5

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

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

There are no significant receivables which are not scheduled for collection within one year of year end, except for the noncurrent portion of leases receivable reported in the financial statements.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

f. Interfund Activity

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.

g. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, deferred resource outflows, liabilities, deferred resource inflows, revenues, and expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

i. Fund balances of the governmental funds are classified as follows:

Nonspendable 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 of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees 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 of Trustees. 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 of Trustees or by an official or body to which the Board of Trustees delegates the 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.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2024

j. Net Position

Net position in the government-wide financial statements is classified as Net Investment in Capital Assets, Restricted, and Unrestricted. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition of these assets. Restricted Net Position consists of assets and deferred resource outflows, net of any related liabilities and deferred resource inflows, which have had restrictions imposed on them by external creditors, grantors, contributors, or laws or regulations of other governments or laws through constitutional provisions or enabling legislations. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first then unrestricted resources, as they are needed. Unrestricted Net Position consists of amounts that do not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or 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 and proprietary 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 net position to have been depleted before unrestricted net position is applied.

l. Fund Balance Flow Assumptions

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.

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS 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.

5. Other Post-Employment Benefits

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.

6. Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of the new standards are summarized below. Implementation is reflected in the financial statements and the notes to

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the financial statements.

GASB Statement No. 99, *Omnibus 2022*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments that do not meet the definition of either an investment or a hedge
- Guidance clarification for short-term leases when there is a modification of terms
- Considerations for public-private partnerships (PPP) terminology as well as recognizing installment payments and transferring underlying PPP assets
- Clarifications of subscription-based information technology arrangement (SBITA) terms, and liability measurement and recognition
- Disclosures related to nonmonetary transactions
- Certain provisions of GASB Statement No. 34
- Pledges of future revenues when resources are not received by the pledging government
- Terminology updates related to deferred inflows and outflows of resources and net position
- Resource flows statements terminology related to GASB Statement No. 53
- Accounting for SNAP distributions
- Requirements related to the extension of the use of LIBOR

The requirements of GASB Statement No. 99 that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement 34, and terminology updates took effect upon issuance.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District implemented this Statement during the current year, with no significant impact to the financial statement presentation.

GASB Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is effected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District implemented Statement No. 100 for the current year, with no significant impact to the financial statement presentation.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Future Implementation of New Standards

The District is currently evaluating the impact related to implementation of the following GASB statements:

GASB Statement No. 101, Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - should not be recognized until the leave commences. A liability for specific types of compensated absences should not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and for all reporting periods thereafter.

GASB Statement No. 102, Certain Risk Disclosures

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to the financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk

The requirements of this statement are effective for fiscal years beginning June 15, 2024, and for all reporting periods thereafter.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

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<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

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

1. Cash Deposits:

At August 31, 2024, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,705,088 and the bank balance was \$4,875,111. The District's cash deposits at August 31, 2024 and during the year ended August 31, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District has a pooled cash account containing activity from several funds. At times some funds carry a negative cash balance. The General Fund cash balance is sufficient to cover any overages in other funds.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment 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 Public Funds Investment Act ("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's investments at August 31, 2024 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	<3 years	\$ 125,758
Bank Money Market Investment Account	N/A	860,530
Lone Star Investments	N/A	35,344,620
Total Investments		<u>\$ 36,330,908</u>

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3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2024, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, have no credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

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

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2024

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio.

Lone Star

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAA by Standard and Poor's and operated in a manner consistent with the Investment Company Act of 1940. The District is invested in the Government Overnight Fund of Lone Star which seeks to maintain a net asset value of one dollar. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government Overnight, Corporate Overnight and Corporate Overnight Plus maintain a net asset value of one dollar.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated/amortized:</i>				
Land	\$ 767,106	\$ --	\$ --	\$ 767,106
Construction in progress	--	5,941,329	--	5,941,329
Total capital assets not being depreciated/amortized	767,106	5,941,329	--	6,708,435
<i>Capital assets being depreciated/amortized:</i>				
Buildings and improvements	34,662,659	596,577	--	35,259,236
Equipment	4,047,620	355,182	--	4,402,802
Vehicles	2,463,980	21,078	--	2,485,058
Right-to-use lease assets	110,786	--	--	110,786
Right-to-use subscription assets	23,916	50,517	--	74,433
Total capital assets being depreciated/amortized	41,308,961	1,023,354	--	42,332,315
Less accumulated depreciation/amortization for:				
Buildings and improvements	(13,498,696)	(918,587)	--	(14,417,283)
Equipment	(2,787,598)	(277,514)	--	(3,065,112)
Vehicles	(1,200,987)	(191,043)	--	(1,392,030)
Right-to-use lease assets	(35,082)	(22,157)	--	(57,239)
Right-to-use subscription assets	(7,972)	(18,075)	--	(26,047)
Total accumulated depreciation/amortization	(17,530,335)	(1,427,376)	--	(18,957,711)
Total capital assets being deprec/amort, net	23,778,626	(404,022)	--	23,374,604
Governmental activities capital assets, net	\$ 24,545,732	\$ 5,537,307	\$ --	\$ 30,083,039

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Depreciation was charged to functions as follows:

Instruction	\$	722,861
Instructional Resources and Media Services		13,171
Curriculum and Staff Development		4,783
Instructional Leadership		17,569
School Leadership		87,964
Guidance, Counseling, & Evaluation Services		60,019
Health Services		22,146
Student Transportation		41,482
Food Services		64,426
Extracurricular Activities		60,605
General Administration		69,473
Plant Maintenance and Operations		166,460
Security and Monitoring Services		43,153
Data Processing Services		51,910
Community Services		1,354
	\$	<u>1,427,376</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2024, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 2,612	Short-term loans
General Fund	General Fund	2,779	Short-term loans
Other Governmental Funds	General Fund	37,598	Short-term loans
	Total	<u>\$ 42,989</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

There were no transfers to and from other funds during the fiscal year ended August 31, 2024.

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2024, are as follows:

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	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 40,245,000	\$ --	\$ 470,000	\$ 39,775,000	\$ 150,000
General obligation bonds -					
Capital Appreciation Bonds Z	2,959	--	1,639	1,320	1,320
QCCB Construction Bonds	265,000	--	130,000	135,000	135,000
Tax Maintenance Notes	570,000	--	105,000	465,000	110,000
Notes from Direct Borrowings	1,052,069	--	186,743	865,326	199,951
Accretion on Capital App Bond	593,121	91,960	338,361	346,720	--
Right of Use Lease Activities	75,631	--	21,837	53,794	22,557
Right of Use Subscriptions	16,016	50,517	16,935	49,598	16,904
Bond Premium	2,745,696	--	109,828	2,635,868	--
Net Pension Liability *	3,465,561	564,567	--	4,030,128	--
Net OPEB Liability *	2,252,135	--	172,146	2,079,989	--
Total governmental activities	\$ 51,283,188	\$ 707,044	\$ 1,552,489	\$ 50,437,743	\$ 635,732

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Net Pension Liability *	Governmental	General Fund
Net OPEB Liability *	Governmental	General Fund

General Obligation Bonds

General obligation school building bonds payable at August 31, 2024, with their outstanding balance are comprised of the following individual issues.

The District issued \$7,224,000 of Unlimited Tax School Refunding Bonds, Series 2012 during the year ended August 31, 2013 for the purposes of lowering interest rates. Interest rates vary from 2.625% to 3.0% with installments varying from \$209,321 to \$898,006. The total balance on this issue at August 31, 2024 is \$5,956,320 with \$1,320 considered capital appreciation bonds.

The District issued \$1,539,999 of Unlimited Tax School Refunding Bonds, Series 2013A during the year ended August 31, 2013 for the purposes of lowering interest rates. Interest rates vary from 1.5% to 4.0% with installments varying from \$31,841 to \$185,700. The total balance on this issue at August 31, 2024 is \$185,000.

The District issued \$2,580,000 of Unlimited Tax School Refunding Bonds, Series 2014 during the year ended August 31, 2015 for the purposes of lowering interest rates. Interest rates vary from 2.0% to 4.0% with installments varying from \$110,686 to \$306,620. The total balance on this issue at August 31, 2024 is \$1,300,000.

The District issued \$32,660,000 of Unlimited Tax School Building Bonds, Series 2023 during the year ended August 31, 2023 for the purposes of building construction. Interest rate is fixed at 5.0% with installments varying from \$65,000 to \$3,215,000. The total balance on this issue at August 31, 2024 is \$32,335,000.

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Qualified School Construction Bond

The District issued \$2,000,000 of Qualified School Construction Maintenance Tax Note Bonds during the year ended August 31, 2010 for the purposes of construction. Interest rate is fixed at .94% with installments varying from \$115,000 to \$130,000. The total balance on this issue at August 31, 2024 is \$135,000 with a final maturity date of 2025.

Tax Maintenance Notes

The District issued \$1,490,000 of Maintenance Tax Notes, Series 2013 during the year ended August 31, 2013 for the purposes of construction. Interest rates vary from 1.0% to 3.5% with installments varying from \$122,100 to \$127,050. The total balance on this issue at August 31, 2024 is \$465,000 with a final maturity date of 2028.

Bank Notes from Direct Borrowings and Direct Placements

The District issued a \$255,474 bank note during the year ended August 31, 2021 for the purpose of a campus wide LED retrofit. The interest rate is 2.95% with installments of \$29,873 for 10 years. The retrofits serve as collateral. The total balance on this issue at August 31, 2024 is \$186,469 with a final maturity date of 2031. In the event of default, the note balance becomes immediately due and payable.

The District issued a \$600,868 bank note during the year ended August 31, 2022 for the purpose of purchasing four new buses. The interest rate is 3.75% with installments of \$114,584 for 6 years. The buses serve as collateral. The total balance on this issue at August 31, 2024 is \$513,737 with a final maturity date of 2029. In the event of default, the note balance becomes immediately due and payable.

The District issued a \$241,058 bank note during the year ended August 31, 2023 for the purpose of purchasing technology equipment and a bus. The interest rate is 5.705% with installments of \$89,690 for 3 years. The bus and equipment serve as collateral. The total balance on this issue at August 31, 2024 is \$165,120 with a final maturity date of 2026. The first payment on the debt was due in fiscal year 2024. In the event of default, the note balance becomes immediately due and payable.

2. Debt Service Requirements

<u>Year Ending August 31,</u>	<u>Governmental Activities - Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 151,320	\$ 1,845,195	\$ 1,996,515
2026	650,000	1,831,945	2,481,945
2027	715,000	1,810,420	2,525,420
2028	755,000	1,787,245	2,542,245
2029	865,000	1,761,120	2,626,120
2030-2034	5,745,000	8,265,553	14,010,553
2035-2039	8,000,000	6,778,500	14,778,500
2040-2044	11,125,000	4,403,875	15,528,875
2045-2049	11,770,000	1,221,500	12,991,500
Totals	<u>\$ 39,776,320</u>	<u>\$ 29,705,353</u>	<u>\$ 69,481,673</u>

<u>Year Ending August 31,</u>	<u>Governmental Activities - Tax Note & QCCB Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 245,000	\$ 15,344	\$ 260,344
2026	115,000	10,413	125,413
2027	120,000	6,300	126,300
2028	120,000	2,100	122,100
Totals	<u>\$ 600,000</u>	<u>\$ 34,157</u>	<u>\$ 634,157</u>

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Year Ending August 31,	Governmental Activities - Bank Notes-Direct Borrowings		
	Principal	Interest	Total
2025	\$ 199,951	\$ 34,196	\$ 234,147
2026	208,843	25,304	234,147
2027	128,440	16,017	144,457
2028	133,048	11,409	144,457
2029	195,044	9,158	204,202
Totals	<u>\$ 865,326</u>	<u>\$ 96,084</u>	<u>\$ 961,410</u>

G. Leases

Lease and Subscription-Based Information Technology Arrangement Activity for the year ended August 31, 2024, was as follows:

Lease Liabilities

The District entered into a sixty-month leasing arrangement for copier/printer/scanner equipment in January 2022, totaling \$110,786, payable in monthly installments of \$1,998 at an interest rate of 3.25 percent. There are no variable payments not included in the measurement of the leases. The balance at August 31, 2024 was \$53,794.

Year ended August 31,	Principal	Interest	Total
2025	\$ 22,557	\$ 1,414	\$ 23,971
2026	23,301	670	23,971
2027	7,936	54	7,990
	<u>\$ 53,794</u>	<u>\$ 2,138</u>	<u>\$ 55,932</u>

Subscription-Based Information Technology Arrangements

The District entered into a 36 month leasing arrangement for communication technology in April 2023. The present value of the agreement was determined to be \$23,916, payable in yearly installments ranging from \$1,800 to \$7,900 at an interest rate of 8.25 percent. There are no applicable variable payments or commitments before commencement of term associated with the arrangement. As of August 31, 2024, the District has reported a right-to-use subscription asset in the amount of \$23,916, less accumulated amortization of \$15,944, and a remaining right of use liability is \$8,926.

The District entered into a 60 month leasing arrangement for communication technology in October 2023. The present value of the agreement was determined to be \$50,517, payable in yearly installments ranging from \$9,845 to \$10,645 at an interest rate of 8.25 percent. There are no applicable variable payments or commitments before commencement of term associated with the arrangement. As of August 31, 2024, the District has reported a right-to-use subscription asset in the amount of \$50,517, less accumulated amortization of \$10,103, and a remaining right of use liability is \$40,672.

Year ended August 31,	Principal	Interest	Total
2025	\$ 16,904	\$ 341	\$ 17,245
2026	11,820	225	12,045
2027	10,301	144	10,445
2028	10,573	73	10,646
	<u>\$ 49,598</u>	<u>\$ 783</u>	<u>\$ 50,381</u>

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Lease Receivables and Deferred Inflows

The District previously entered into a sixty-month leasing arrangement with three sixty-month renewal options for tower rental which was revalued to a nineteen year leasing arrangement at September 1, 2021 under GASB 87, totaling \$85,201, receivable in monthly installments of \$374 at an interest rate of 3.25 percent. In lieu of payments, the District receives internet and storage services. The financial statements include \$74,780 lease receivables, \$4,484 lease revenue, and \$2,492 interest income related to this agreement.

Future lease revenue maturity schedule reported as deferred resource inflows is as follows:

Year ended August 31,	Principal	Interest	Total
2025	\$ 4,484	\$ 2,377	\$ 6,861
2026	4,484	2,257	6,741
2027	4,484	2,134	6,618
2028	4,484	2,006	6,490
2029	4,484	1,874	6,358
2030-2034	22,421	7,239	29,660
2035-2039	22,421	3,228	25,649
2040-2044	4,485	104	4,589
	<u>\$ 71,747</u>	<u>\$ 21,219</u>	<u>\$ 92,966</u>

The District previously entered into a ten year leasing arrangement with three five year renewal options for tower rental which was revalued to a ten year leasing arrangement at September 1, 2021 under GASB 87, totaling \$91,555, receivable in monthly installments ranging from \$500 to \$779 at an interest rate of 3.25 percent. The financial statements include \$81,014 lease receivables, \$5,844 lease revenue, and \$2,700 interest income related to the agreement.

Future lease revenue maturity schedule reported as deferred resource inflows is as follows:

Year ended August 31,	Principal	Interest	Total
2025	\$ 5,844	\$ 2,574	\$ 8,418
2026	5,844	2,437	8,281
2027	5,844	2,289	8,133
2028	5,844	2,130	7,974
2029	5,844	1,959	7,803
2030-2034	29,220	6,741	35,961
2035-2039	15,584	1,066	16,650
	<u>\$ 74,024</u>	<u>\$ 19,196</u>	<u>\$ 93,220</u>

H. Risk Management

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

I. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under

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section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

2. Pension Plan Fiduciary Net Position

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

3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where 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 cost of living adjustments (COLAs). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan description in (1) above.

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

4. Contributions

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

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

<u>Contribution Rates</u>		
	<u>2023</u>	<u>2024</u>
Member	8.0%	8.25%
Non-Employer Contributing Entity (State)	8.0%	8.25%
Employers	8.0%	8.25%
District's 2024 Employer Contributions	\$	359,841
District's 2024 Member Contributions	\$	748,899
2023 NECE On-Behalf Contributions (State)	\$	528,550

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

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

- All public schools, charter schools and regional 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 TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023.

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	4.13% *
Last year ending August 31 in Projection Period	2022
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Ad hoc post-employment benefit changes	None

* The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"

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

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6. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56 percent in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.0%	4.0%	1.0%
Non-U.S. Developed	13.0%	4.5%	0.9%
Emerging Markets	9.0%	4.8%	0.7%
Private Equity *	14.0%	7.0%	1.5%
Stable Value			
Government Bonds	16.0%	2.5%	0.5%
Absolute Return *	0.0%	3.6%	0.0%
Stable Value Hedge Funds	5.0%	4.1%	0.2%
Real Return			
Real Estate	15.0%	4.9%	1.1%
Energy, Natural Resources and Infrastructure	6.0%	4.8%	0.4%
Commodities	0.0%	4.4%	0.0%
Risk Parity	8.0%	4.5%	0.4%
Asset Allocation Leverage			
Cash	2.0%	3.7%	0.0%
Asset Allocation Leverage	(6.0%)	4.4%	(0.1)%
Inflation Expectation			2.3%
Volatility Drag ****			(0.9)%
Expected Return	100.0%		8.0%

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- * Absolute Return includes Credit Sensitive Investments.
- ** Target allocations are based on the FY2023 policy model.
- *** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023)
- **** The volatility drag results from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 6,025,265	\$ 4,030,128	\$ 2,371,171

8. 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 \$4,030,128 for its proportionate share of the TRS 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 are as follows:

District's proportionate share of the collective net pension liability	\$ 4,030,128
State's proportionate share that is associated with District	<u>7,063,158</u>
Total	<u>\$ 11,093,286</u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District'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 the measurement date of August 31, 2023 the employer's proportion of the collective net pension liability was 0.0058670952 percent which was an increase (decrease) of 0.0000296170 percent from its proportion measured as of August 31, 2022.

9. Changes Since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2024, the District recognized pension expense of \$1,820,224 and revenue of \$1,066,476 for support provided by the State.

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

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	\$ 143,595	\$ 48,800
Changes in Actuarial Assumptions	381,171	93,281
Difference Between Projected and Actual Investment Earnings	586,481	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	250,048	81,080
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	359,841	--
Total	<u>\$ 1,721,136</u>	<u>\$ 223,161</u>

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

Year ended August 31,	Pension Expense Amount
2025	\$ 269,220
2026	\$ 164,433
2027	\$ 515,059
2028	\$ 172,911
2029	\$ 16,510
Thereafter	\$ --

J. Defined Other Post-Employment Benefit Plans

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan 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.

2. OPEB Plan Fiduciary Net Position

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

3. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and 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.

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

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

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

4. Contributions

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

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of Salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	<u>2023</u>	<u>2024</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

The contribution amounts for the District's fiscal year 2024 are as follows:

District's 2024 Employer Contributions	\$	90,805
District's 2024 Member Contributions	\$	59,789
2023 NECE On-Behalf Contributions (state)	\$	98,346

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All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2023 totaled \$14,548,344.

A supplemental appropriation was received in 2023 for \$21.3 million 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.

5. Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

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.

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65. Pre-65 retirees - 25% are assumed to discontinue coverage at age 65.
Ad Hoc Post-Employment Benefit Changes	None

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.

6. 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. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the

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non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source for the municipal bond rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity "20-Year Municipal GO AA Index", as of August 31, 2023.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District's proportionate share of the Net OPEB Liability:	\$ 2,449,794	\$ 2,079,989	\$ 1,778,220

8. 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 \$2,079,989 for its proportionate share of the TRS' Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 2,079,989
State's proportionate share that is associated with the District	<u>2,509,827</u>
Total	<u>\$ 4,589,816</u>

The Net OPEB liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to OPEB 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 District's proportion of the collective net OPEB liability was 0.009395432 percent, which was an increase (decrease) of -0.0000104075 percent from its proportion measured as of August 31, 2022.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1 percent less than and 1 percent greater than the health trend rates assumed.

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
District's proportionate share of Net OPEB Liability:	\$ 1,712,767	\$ 2,079,989	\$ 2,552,422

9. Changes Since the Prior Actuarial Valuation

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

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- The discount rate was changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023. This change decreased the Total OPEB Liability.

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

The amount of OPEB expense recognized by the District in the reporting period was \$(875,494).

At August 31, 2024, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 94,104	\$ 1,749,917
Changes in actuarial assumptions	283,903	1,273,633
Difference between projected and actual investment earnings	898	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	687,882	450,977
Contributions paid to TRS subsequent to the measurement date	90,805	--
Total	<u>\$ 1,157,592</u>	<u>\$ 3,474,527</u>

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

Year ended August 31:	OPEB Expense Amount
2025	\$ (512,075)
2026	\$ (416,674)
2027	\$ (287,518)
2028	\$ (381,265)
2029	\$ (365,025)
Thereafter	\$ (445,182)

For the year ended August 31, 2024, the District recognized OPEB expense of \$(875,494) and revenue of \$(536,548) for support provided by the State.

10. Medicare Part D Subsidies

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. For the fiscal years ended August 31, 2024, 2023 and 2022, the subsidy payments received by TRS-Care on behalf of the District were \$52,197, \$47,424 and \$34,065.

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K. Employee Health Care Coverage

During the year ended August 31, 2024, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$350 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, 2024, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the TRS/Active Care are available for the year ended December 31, 2023, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

L. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable 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 basic financial statements for such contingencies.

2. Commitments

In fiscal year 2023, the District issued a building bond in the amount of \$32,660,000 for the purpose of a high school and middle school additions project. As of August 31, 2024, the District has spent \$5,913,233 of these proceeds. The District anticipates continued significant expenditures during fiscal year 2025.

3. Litigation

No reportable litigation was pending against the District at August 31, 2024.

M. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for Title I, Part A, Improving Basic Grants, Title II, Part A, Supporting Effective Instruction, Title III, Part A, English Language Acquisition, and Title IV Part A, Subpart 1 with the following school districts:

Member Districts

84 Districts in Region 10

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 fixed assets purchased by the fiscal agent, Region 10, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

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N. Self Funded Workman's Compensation Insurance

On September 1, 1991 the District joined a self-funded workers compensation plan known as East Texas Educational Insurance Association along with other Texas School Districts. The District pays an administrative fee based on total payroll costs multiplied by an experience modifier. The service agreement provides that the association will be self-sustaining through member premiums. Excess worker's compensation insurance is carried by Midwest Employers Casualty Co.. The specific retention is \$225,000, aggregate limit \$5,000,000. Liabilities are reported when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated.

Statement of Change in Liability	2024	2023
Unpaid (overpayment) claims at September 1	\$ 28,750	\$ 39,859
Net claims incurred or (adjusted) during the year	(3,051)	(8,868)
Payments of claims during the year	(1,095)	(2,241)
Unpaid claims at August 31	<u>\$ 24,604</u>	<u>\$ 28,750</u>

The above amount less \$1,147 in cash, \$23,457, is reflected as a liability on the financial statements as of August 31, 2024.

O. Accumulated Unpaid Vacation and Personal Leave Benefits

At August 31, 2024, the District had no liability for accrued sick leave or vacation leave.

District employees accumulate personal leave at the rate of 5 days per year with no accumulation limit.

The District has non vested sick and personal leave benefits at August 31, 2024 which are not recorded on the financial statements in the amount of \$608,167. These benefits are recorded as expenditures as used.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2024

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	REVENUES:				
5700	<i>Local and Intermediate Sources</i>	\$ 5,498,985	\$ 5,522,492	\$ 5,124,247	\$ (398,245)
5800	<i>State Program Revenues</i>	9,307,980	9,307,980	9,250,314	(57,666)
5900	<i>Federal Program Revenues</i>	100,000	100,000	80,009	(19,991)
5020	Total Revenues	14,906,965	14,930,472	14,454,570	(475,902)
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	<i>Instruction</i>	7,704,003	7,534,061	7,180,418	353,643
0012	<i>Instructional Resources and Media Services</i>	142,006	146,804	138,799	8,005
0013	<i>Curriculum and Instructional Staff Development</i>	36,500	61,500	50,404	11,096
	Total Instruction and Instr. Related Services	7,882,509	7,742,365	7,369,621	372,744
	Instructional and School Leadership:				
0021	<i>Instructional Leadership</i>	213,139	213,139	185,148	27,991
0023	<i>School Leadership</i>	904,091	936,791	926,977	9,814
	Total Instructional and School Leadership	1,117,230	1,149,930	1,112,125	37,805
	Student Support Services:				
0031	<i>Guidance, Counseling and Evaluation Services</i>	394,740	409,740	404,929	4,811
0033	<i>Health Services</i>	232,046	240,046	233,380	6,666
0034	<i>Student Transportation</i>	518,000	522,485	437,144	85,341
0036	<i>Extracurricular Activities</i>	560,600	595,795	580,373	15,422
	Total Student Support Services	1,705,386	1,768,065	1,655,826	112,239
	Administrative Support Services:				
0041	<i>General Administration</i>	700,963	775,963	732,118	43,845
	Total Administrative Support Services	700,963	775,963	732,118	43,845
	Support Services:				
0051	<i>Facilities Maintenance and Operations</i>	1,759,216	1,799,406	1,754,185	45,221
0052	<i>Security and Monitoring Services</i>	464,906	426,906	366,687	60,219
0053	<i>Data Processing Services</i>	689,317	690,147	593,885	96,262
	Total Support Services	2,913,439	2,916,459	2,714,757	201,702
	Ancillary Services:				
0061	<i>Community Services</i>	15,000	17,000	14,269	2,731
	Total Ancillary Services	15,000	17,000	14,269	2,731
	Debt Service:				
0071	<i>Debt Service</i>	530,438	467,822	460,515	7,307
0072	<i>Interest on Long-Term Debt</i>	--	62,780	70,905	(8,125)
0073	<i>Bond Issuance Costs and Fees</i>	--	6,500	2,636	3,864
	Total Debt Service	530,438	537,102	534,056	3,046
	Capital Outlay:				
0081	<i>Facilities Acquisition and Construction</i>	37,000	135,153	99,155	35,998
	Total Capital Outlay	37,000	135,153	99,155	35,998

MAYPEARL INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2024

EXHIBIT G-1
Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
	Intergovernmental Charges:				
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	5,000	5,000	--	5,000
	Total Intergovernmental Charges	5,000	5,000	--	5,000
6030	Total Expenditures	14,906,965	15,047,037	14,231,927	815,110
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(116,565)	222,643	339,208
	Other Financing Sources (Uses):				
7913	Proceeds from Right to Use Subscription Assets	--	--	50,517	50,517
7080	Total Other Financing Sources and (Uses)	--	--	50,517	50,517
1200	Net Change in Fund Balance	--	(116,565)	273,160	389,725
0100	Fund Balance - Beginning	4,628,244	4,628,244	4,628,244	--
3000	Fund Balance - Ending	\$ 4,628,244	\$ 4,511,679	\$ 4,901,404	\$ 389,725

MAYPEARL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.006%	0.006%	0.005%	0.006%	0.005%	0.005%	0.005%	0.005%	0.005%	0.003%
District's proportionate share of the net pension liability (asset)	\$ 4,030,128	\$ 3,465,561	\$ 1,325,686	\$ 2,965,399	\$ 2,832,834	\$ 2,710,827	\$ 1,540,225	\$ 1,824,444	\$ 1,711,583	\$ 830,296
State's proportionate share of the net pension liability (asset) associated with the District	7,063,158	6,147,550	2,693,860	5,498,693	5,206,098	5,349,995	3,095,084	3,849,256	4,028,773	3,248,562
Total	\$ 11,093,286	\$ 9,613,111	\$ 4,019,546	\$ 8,464,092	\$ 8,038,932	\$ 8,060,822	\$ 4,635,309	\$ 5,673,700	\$ 5,740,356	\$ 4,078,858
District's covered payroll	\$ 8,634,766	\$ 8,127,555	\$ 7,352,990	\$ 7,058,606	\$ 6,529,671	\$ 6,381,154	\$ 5,743,983	\$ 5,669,931	\$ 5,747,270	\$ 5,455,302
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	46.67%	42.64%	18.03%	42.01%	43.38%	42.48%	26.81%	32.18%	29.78%	15.22%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

MAYPEARL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 359,841	\$ 301,583	\$ 272,394	\$ 222,148	\$ 228,224	\$ 187,132	\$ 166,682	\$ 153,062	\$ 148,723	\$ 86,404
Contributions in relation to the contractually required contribution	(359,841)	(301,583)	(272,394)	(222,148)	(228,224)	(187,132)	(166,682)	(153,062)	(148,723)	(86,404)
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 9,198,771	\$ 8,634,766	\$ 8,127,555	\$ 7,352,990	\$ 7,058,606	\$ 6,529,671	\$ 6,381,154	\$ 5,743,983	\$ 5,669,931	\$ 5,747,270
Contributions as a percentage of covered payroll	3.91%	3.49%	3.35%	3.02%	3.23%	2.87%	2.61%	2.66%	2.62%	1.50%

MAYPEARL INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE****SHARE OF THE NET OPEB LIABILITY****TEACHERS RETIREMENT SYSTEM OF TEXAS****LAST TEN FISCAL YEARS ***

	Measurement Year **									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the collective net OPEB liability	0.009%	0.009%	0.009%	0.010%	0.010%	0.009%	0.008%	--	--	--
District's proportionate share of the collective net OPEB liability	\$ 2,079,989	\$ 2,252,135	\$ 3,335,006	\$ 3,543,728	\$ 4,631,216	\$ 4,593,945	\$ 3,645,175	\$ --	\$ --	\$ --
State proportionate share of the collective net OPEB liability associated with the District	2,509,827	2,747,251	4,468,164	4,761,920	6,153,851	5,183,821	4,537,570	--	--	--
Total	<u>\$ 4,589,816</u>	<u>\$ 4,999,386</u>	<u>\$ 7,803,170</u>	<u>\$ 8,305,648</u>	<u>\$ 10,785,067</u>	<u>\$ 9,777,766</u>	<u>\$ 8,182,745</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered payroll	\$ 8,634,766	\$ 8,127,555	\$ 7,352,990	\$ 7,058,606	\$ 6,529,671	\$ 6,381,154	\$ 5,743,983	\$ --	\$ --	\$ --
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	24.09%	27.71%	45.36%	50.20%	70.93%	71.99%	63.46%	--	--	--
Plan fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

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

MAYPEARL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or contractually required District contribution	\$ 90,805	\$ 81,503	\$ 77,254	\$ 67,542	\$ 70,812	\$ 70,612	\$ 61,911	\$ --	\$ --	\$ --
Contributions recognized by OPEB in relation to statutory or contractually required contribution	90,805	81,503	77,254	67,542	70,812	70,612	61,911	--	--	--
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
District's covered payroll	\$ 9,198,771	\$ 8,634,766	\$ 8,127,555	\$ 7,352,990	\$ 7,058,606	\$ 6,529,671	\$ 6,381,154	\$ --	\$ --	\$ --
Contributions as a percentage of covered payroll	0.99%	0.94%	0.95%	0.92%	1.00%	1.08%	0.97%	--	--	--

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2024

Budget

The official budget was prepared for adoption for the General Fund, National School Breakfast and Lunch Program, Capital Projects Fund, and Debt Service Fund. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the board.

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

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

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

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

Defined Benefit Pension Plan and Other Post-Benefit Plans

Changes in actuarial assumptions and inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2023	7.00%	7.00%	4.13%
2022	7.00%	7.00%	3.91%
2021	7.25%	7.25%	2.33%
2020	7.25%	7.25%	2.33%
2019	7.25%	7.25%	2.63%
2018	6.91%	7.25%	3.69%
2017	8.00%	8.00%	3.42%
2016	8.00%	8.00%	--
2015	8.00%	8.00%	--
2014	8.00%	8.00%	--

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2024

Changes in demographic and economic assumptions

For measurement date August 31, 2018 - Net Pension Liability and Net OPEB Liability:

Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

For measurement date August 31, 2020 - Net OPEB Liability:

The participant rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the total OPEB liability.

The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change decreased the total OPEB liability.

Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2024

EXHIBIT H-1

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	<i>Local and Intermediate Sources</i>	\$ --	\$ 1,893,412	\$ 1,893,412
5020	Total Revenues	--	1,893,412	1,893,412
	EXPENDITURES:			
	Capital Outlay:			
0081	<i>Facilities Acquisition and Construction</i>	34,627,366	5,913,233	28,714,133
	Total Capital Outlay	34,627,366	5,913,233	28,714,133
6030	Total Expenditures	34,627,366	5,913,233	28,714,133
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(34,627,366)	(4,019,821)	30,607,545
1200	Net Change in Fund Balance	(34,627,366)	(4,019,821)	30,607,545
0100	Fund Balance - Beginning	35,040,747	35,040,747	--
3000	Fund Balance - Ending	\$ 413,381	\$ 31,020,926	\$ 30,607,545

MAYPEARL INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2024

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/23
	1 Maintenance	2 Debt Service		
2015 and Prior Years	\$ Various	\$ Various	\$ Various	\$ 3,872
2016	1.04	.306	270,385,067	383
2017	1.04	.277	287,707,593	590
2018	1.04	.2621	310,640,888	427
2019	1.04	.249	346,424,363	5,760
2020	.97	.2498	394,693,296	11,156
2021	.8747	.2997	458,325,102	16,747
2022	.872	.2997	514,850,986	33,750
2023	.8546	.2997	647,615,996	129,476
2024 (School Year Under Audit)	.6692	.3097	701,768,084	--
1000 Totals				\$ <u>202,161</u>

8000 - Total Taxes Refunded under Section 26.1115, Tax Code

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

EXHIBIT J-1

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/24	99 Total Taxes Refunded Under Sect. 26.1115(c)
\$ --	\$ 1,109	\$ 247	\$ --	\$ 2,516	
--	129	38	--	216	
--	132	35	--	423	
--	156	39	--	232	
--	673	161	(141)	4,785	
--	2,587	666	5,383	13,286	
--	3,149	1,079	5,134	17,653	
--	12,147	4,175	6,070	23,498	
--	49,027	17,193	(25,903)	37,353	
6,869,608	4,593,434	2,125,803	--	150,371	
<u>\$ 6,869,608</u>	<u>\$ 4,662,543</u>	<u>\$ 2,149,436</u>	<u>\$ (9,457)</u>	<u>\$ 250,333</u>	
					\$ 11,869
	\$ --				

MAYPEARL INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2024

EXHIBIT J-2

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2024 (Exhibit C-1 object 3000 for the General Fund only)	\$ 4,901,404
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	--
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	2,000,000
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	2,500,000
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	4,500,000
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 401,404

Above amount to be used for future capital expenditures.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2024

Data Control Codes		Responses
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 692,314
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30)	\$ 842,561
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 56,967
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 56,605

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2024

EXHIBIT J-4

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 241,849	\$ 251,374	\$ 9,525
5800	State Program Revenues	22,763	22,895	132
5900	Federal Program Revenues	315,588	318,962	3,374
5020	Total Revenues	580,200	593,231	13,031
EXPENDITURES:				
Current:				
Student Support Services:				
0035	Food Services	800,200	797,855	2,345
	Total Student Support Services	800,200	797,855	2,345
6030	Total Expenditures	800,200	797,855	2,345
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(220,000)	(204,624)	15,376
1200	Net Change in Fund Balance	(220,000)	(204,624)	15,376
0100	Fund Balance - Beginning	372,622	372,622	--
3000	Fund Balance - Ending	\$ 152,622	\$ 167,998	\$ 15,376

MAYPEARL INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	REVENUES:			
5700	Local and Intermediate Sources	\$ 2,347,706	\$ 2,256,253	\$ (91,453)
5800	State Program Revenues	197,803	297,241	99,438
5020	Total Revenues	<u>2,545,509</u>	<u>2,553,494</u>	<u>7,985</u>
	EXPENDITURES:			
	Debt Service:			
0071	Debt Service	446,639	471,639	(25,000)
0072	Interest on Long-Term Debt	2,146,981	2,128,814	18,167
0073	Bond Issuance Costs and Fees	10,000	1,000	9,000
	Total Debt Service	<u>2,603,620</u>	<u>2,601,453</u>	<u>2,167</u>
6030	Total Expenditures	<u>2,603,620</u>	<u>2,601,453</u>	<u>2,167</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(58,111)	(47,959)	10,152
1200	Net Change in Fund Balance	<u>(58,111)</u>	<u>(47,959)</u>	<u>10,152</u>
0100	Fund Balance - Beginning	1,017,662	1,017,662	--
3000	Fund Balance - Ending	<u>\$ 959,551</u>	<u>\$ 969,703</u>	<u>\$ 10,152</u>

*Overall Compliance, Internal Control Section
and Federal Awards*

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**FRANK MARX, III, CPA
DORI BOHL, CPA & CFE
CALEB MARX, CPA**

Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Board of Trustees
Maypearl Independent School District
P. O. Drawer 40
Maypearl, Texas 76064

Members of the Board of Trustees:

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 Maypearl Independent School District, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Maypearl Independent School District's basic financial statements, and have issued our report thereon dated November 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maypearl Independent School District's internal control over financial reporting (internal control) as a basis for designing 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 Maypearl Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Maypearl 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 Maypearl Independent School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maypearl 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 Maypearl 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 Maypearl Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Anderson, Marx & Bohl, P.C.

Corsicana, Texas
November 21, 2024

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**FRANK MARX, III, CPA
DORI BOHL, CPA & CFE
CALEB MARX, CPA**

Independent Auditors' Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

Board of Trustees
Maypearl Independent School District
P. O. Drawer 40
Maypearl, Texas 76064

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Maypearl Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 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 Maypearl Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Maypearl Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Maypearl Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Maypearl Independent School 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 Maypearl Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Maypearl Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Maypearl Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Anderson, Marx & Bohl, P.C.

Anderson, Marx & Bohl, P.C.

Corsicana, Texas
November 21, 2024

MAYPEARL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2024

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Version of compliance supplement used in audit: May 2024

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, para. 200.516(a)?? Yes X No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	ESSER Funds
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program (Non cash)

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

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None Noted		

MAYPEARL INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2024

No findings reported, so no corrective action required.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2024

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	070-915	\$ -- \$ 64,512
National School Lunch Program	10.555	070-915	-- 228,685
National School Lunch Program (Non-cash)	10.555	070-915	-- 25,765
Total ALN Number 10.555			-- 254,450
Total Passed Through State Department of Education			-- 318,962
Total U. S. Department of Agriculture			-- 318,962
Total Child Nutrition Cluster			-- 318,962
SPECIAL EDUCATION (IDEA) CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
IDEA-Part B, Formula	84.027A	24660001070915	-- 259,238
IDEA-Part B, Preschool	84.173A	24661001070915	-- 1,736
Total Passed Through State Department of Education			-- 260,974
Total U. S. Department of Education			-- 260,974
Total Special Education (IDEA) Cluster			-- 260,974
OTHER PROGRAMS:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Education:			
Title I Part A - Improving Basic Programs	84.010A	24610141070915	-- 198,836
Title II, Part A - Teacher and Principal Training and Recruiting	84.367A	24694501057950	-- 19,000
Title IV, Part A	84.424A	24694501057950	-- 30,346
COVID-19 ESSER Fund III of the Amer. Rescue Plan Act of 2021	84.425U	21528001070915	-- 178,046
Total Passed Through State Department of Education			-- 426,228
Total U. S. Department of Education			-- 426,228
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -- \$ 1,006,164

The accompanying notes are an integral part of this schedule.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2024

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Maypearl Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

Reconciliation of Schedule of Expenditures of Federal Awards to Exhibit C-2:

Total Expenditures of Federal Awards per Exhibit K-1	\$	1,006,164
SHARS Program		80,009
Total per Exhibit C-2	\$	<u>1,086,173</u>

Other Information

MAYPEARL INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2024**

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 346,720