AGUA DULCE INDEPENDENT SCHOOL DISTRICT

Annual Financial Report

For the Year Ended August 31, 2024



GOWLAND, MORALES & SMITH, PLLC

Certified Public Accountants

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

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Introductory Section

CERTIFICATE OF BOARD

Agua Dulce Independent School District	Nueces	178-901
Name of School District	County	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 13 day of January, 2025

Signature of Board Secretary

Signature of Board President

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

Financial Section

GOWLAND, MORALES & SMITH, PLLC
Certified Public Accountants

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Corpus Christi, TX 78401
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Independent Auditor's Report

To the Board of Trustees
Agua Dulce Independent School District
P.O. Box 250
Agua Dulce, Texas 78330-0250

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 Agua Dulce 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 Agua Dulce 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 Agua Dulce Independent School District, as of August 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Agua Dulce 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 Agua Dulce Independent School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 budgetary comparison information and schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions, and schedule of the District's proportionate share of the net OPEB liability and schedule of District OPEB contributions 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 Agua Dulce Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information 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 combining and individual nonmajor fund financial statements and other supplementary information 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 January 7, 2025 on our consideration of Agua Dulce 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 Agua Dulce Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Gowland, Morales, & Smith, PLLC

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
January 7, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Agua Dulce Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal 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 was $5,010,113 at August 31, 2024.
- During the year, the District's expenses were $51,893 less than the $7,152,586 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of $2,437,608 a decrease of $145,462 from 2023 ending fund balance.
- The decrease in fund balance is primarily due to salary increases and construction of the new ag barn facility.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The 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-1F, Required Components of the District's Annual Financial Report

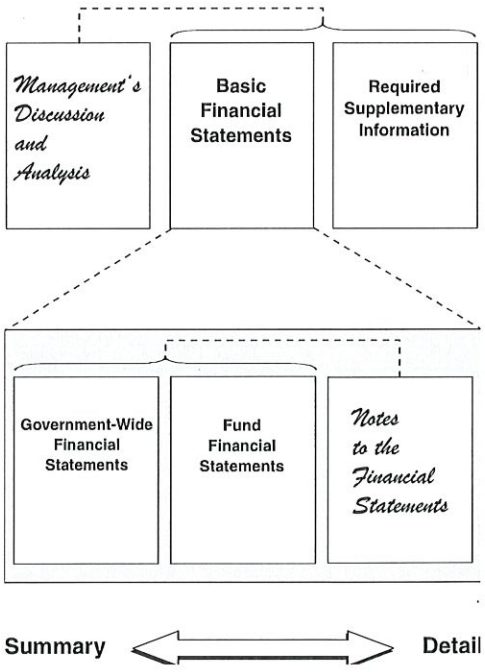


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of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

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

		Fund Statements		
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures & changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net postion
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District, you need 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 2 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 $5,010,113 at August 31, 2024. (See Table A-1).

Table A-1
Agua Dulce Independent School District's Net Position
(actual dollars)

	Governmental Activities		
	2024	2023	Change
Current assets:			
Cash and cash equivalents	$ 2,843,268	$ 3,220,408	$ (377,140)
Property Taxes Receivable (Net)	100,185	122,754	(22,569)
Due from other governments	351,213	235,355	115,858
Due from Fiduciary	25,357	25,357	0
Other Receivables (Net)	0	9,313	(9,313)
Total current assets:	3,320,023	3,613,187	(293,164)
Noncurrent assets:			
Land	52,019	52,019	0
Construction in Progress	0	200,000	(200,000)
Buildings, Furniture & Equipment	8,489,566	8,471,270	18,296
Total noncurrent assets	8,541,585	8,723,289	(181,704)
Total Assets	11,861,608	12,336,476	(474,868)
Deferred Outflows	1,512,267	1,727,301	(215,034)
Current liabilities:			
Accounts payable and Accrued liabilities	214,739	232,695	(17,956)
Deferred revenue	0	97,850	(97,850)
Current portion of long-term debt	120,000	115,000	5,000
Total current liabilities	334,739	445,545	(110,806)
Long-term liabilities:			
Due in More Than One Year	3,839,045	4,272,749	(433,704)
Net Pension and OPEB Liaiblity	2,469,592	2,533,891	(64,299)
Total Liabilities	6,643,376	7,252,185	(608,809)
Deferred Inflows	1,720,386	1,853,373	(132,987)
Net Position:			
Invested in capital assets	5,126,585	4,905,307	221,278
Restricted	563,233	605,119	(41,886)
Unrestricted	(679,705)	(552,207)	(127,498)
Total Net Position	$ 5,010,113	$ 4,958,219	$ 51,894

Unrestricted net position reflects a negative balance of $(679,705) The deficit in Unrestricted Net Position is created by the implementation of GASB 75 for OPEB Liability. The District reports its proportionate share of the net OPEB liability. The total district liability is reported in the governmental activities; however, the actual liability does not require the use of current resources at the fund level, which results in a timing difference since the TRS-Care plan is funded on a pay-as-you-go basis. The District has made all contractually required contributions as noted in the required supplementary information and has sufficient fund balance to meet the District's ongoing obligations to students and creditors.

Changes in net position. The District's total revenues were $7,152,586. A significant portion, 32 percent, of the District's revenue comes from taxes. The remainder comes from state and federal programs, investment earnings, charges for services, and miscellaneous other services.

The total cost of all programs and services was $7,100,693, 52% of these costs are for instructional and student services including food service.

Governmental Activities

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Table A-2
Changes in Agua Dulce Independent School District's Net Position
(in actual dollars)

	Governmental Activities		
	2024	2023	Change
Program Revenues:			
Charges for Services	$ 44,223	$ 35,838	$ 8,385
Operating Grants and Contributions	1,003,170	1,322,081	(318,911)
General Revenues			
Property Taxes	2,318,721	2,530,903	(212,182)
State Aid – Formula	3,650,772	2,920,117	730,655
Investment Earnings	117,189	63,635	53,554
Other	18,511	24,807	(6,296)
Total Revenues	7,152,586	6,897,381	255,205
Instruction	3,404,455	3,341,581	62,874
Instructional Resources and Media Services	42,741	48,436	(5,695)
Curriculum Dev. And Instructional Staff Dev.	34,198	28,471	5,727
School Leadership	328,811	312,761	16,050
Guidance, Counseling and Evaluation Services	154,721	134,764	19,957
Health Services	49,261	48,075	1,186
Student (Pupil) Transportation	251,216	227,615	23,601
Food Services	428,936	377,919	51,017
Curricular/Extracurricular Activities	477,181	488,429	(11,248)
General Administration	513,638	429,833	83,805
Plant Maintenance & Operations	1,013,026	979,395	33,631
Security and Monitoring Services	227,225	154,311	72,914
Data Processing Services	18,430	20,024	(1,594)
Debt Service	146,793	159,337	(12,544)
Capital Outlay	0	0	0
Payments Related to Shared Service Arrangements	10,061	8,585	1,476
	7,100,693	6,759,536	341,157
Change in Net Position	51,893	137,845	(85,952)
Net Position - Beginning	4,958,220	4,820,375	137,845
Net Position Ending	$ 5,010,113	$ 4,958,220	$ 51,893

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 $7,100,693.
- However, the amount that our taxpayers paid for these activities through property taxes was $2,318,721.
- Some of the cost was paid by those who directly benefited from the programs $44,223, or
- By operating grants and contributions $1,003,170.

Table A-3
Net Cost of Selected District Functions and WADA
(in actual dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2024	2023		2024	2023	
Instruction	$ 3,404,455	$ 3,341,581	1.88%	$ 2,977,294	$ 2,626,721	13.35%
School Leadership	328,811	312,761	5.13%	315,569	286,767	10.04%
General Administration	513,638	429,833	19.50%	493,077	401,816	22.71%
Plant Maintenance & Operations	1,013,026	979,395	3.43% #	967,532	871,331	11.04%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled $7,237,505, an increase of 2.49% over the preceding year $7,055,475. The increase in revenue is attributed to property tax value growth and higher property tax collections, and state revenue growth due to an increase in enrollment and ADA.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget (2) two times. Even with these adjustments, actual revenue was $170,561 above budget and expenditures were $307,361 less than the final budget amounts. The majority of the savings came from conservative budgeting practices, personnel vacancies unable to fill, and maintenance and operations items not purchased.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024 the District had invested $8,541,585 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of $181,704.

Table A-4
District's Capital Assets
(in actual dollars)

	Governmental Activities 2023	Additions	Deletions	Total 2024
Land	$ 52,019	$	$	$ 52,019
Construction in Progress	200,000		200,000	-
Buildings and improvements	12,022,740	431,705		12,454,445
Equipment and Vehicles	1,683,108	12,142		1,695,250
Totals at historical cost	13,957,867	443,847	200,000	14,201,714
Total accumulated depreciation	(5,234,578)	(425,551)		(5,660,129)
Net capital assets	$ 8,723,289	$ 18,296	$ 200,000	$ 8,541,585

Long Term Debt

At year-end the District had $3,415,000 in bonds outstanding as shown in Table A-5. More detailed information about the District debt is presented in the Notes to the Financial Statements.

Table A-5
District's Long Term Debt
(in actual dollars)

	Governmental Activites			
	Ending Balance 2023	Increases	Decreases	Ending Balance 2024
Bonds Payable	$ 3,820,000	$	$ 405,000	$ 3,415,000
Sick Leave Payable	$ 35,775	$	$ 575	$ 35,200
Premium	$ 531,975	$	$ 23,129	$ 508,846
Pension Liability	$ 1,544,577	$ 129,952	$	$ 1,674,529
OPEB Liablity	$ 989,314	$	$ 194,251	$ 795,063

Net Pension Liability

The District implemented GASB Statement No. 68 during the year ended August 31, 2015. A prior period adjustment of $261,148 was required to record the beginning balance of the pension liability for the year ended August 31, 2014. Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental non-employer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the District's beginning net position for the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

Other Post-Employment Benefit Plans (OPEB)

The District implemented GASB Statement No. 75 during the year ended August 31, 2018. A prior period adjustment of $2,622,424 was required to record the beginning balance of the pension liability for the year ended August 31, 2017. 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 Benefits (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

The adoption of Statement No. 75 has no impact on the District's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TRS plan. The calculation of health insurance unaffected by the change. However, the adoption has resulted in reporting in the government-wide financial statements to reflect the net OPEB liability and deferred inflows of resources and deferred outflows of resources for its qualified plan and the recognition of expense in accordance with the provisions of the Statement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District finished 2023-2024 with a fund balance of $2,473,608 in the general fund. This being a planned use of fund balance for salary increases and construction of the new ag barn facility, with a decrease of $145,462 over the previous year. Total revenues in the general fund were $5,892,767 with total expenditures of $6,038,637.
- The district has a bonded indebtedness of $3,415,000. Bond payments are made each year in a timely manner in February and August.
- The district's refined average daily attendance is on the rise.
- The district has sought and will continue to seek funding from other sources.
- The district will consider cuts in state funding during budget preparations if necessary.
- The tax rate decreased in 2024. Maintenance Tax rate is $0.7575/$100 and the 2024 Debt Tax rate is at $0.233500/$100.
- The district has begun the Child and Adult Food Care Program (CACFP) federal program which provides free dinner meals for any student in grades PK-12.

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 Business Office, at 361-998-2542 extension 2.

Basic Financial Statements

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
AUGUST 31, 2024

Data Control Codes		1 Governmental Activities
	ASSETS:	
1110	*Cash and Cash Equivalents*	$ 2,843,268
1225	*Property Taxes Receivable (Net)*	100,185
1240	*Due from Other Governments*	351,213
1267	*Due from Fiduciary*	25,357
	Capital Assets:	
1510	*Land*	52,019
1520	*Buildings and Improvements, Net*	7,662,399
1530	*Furniture and Equipment, Net*	827,167
1000	Total Assets	11,861,608
	DEFERRED OUTFLOWS OF RESOURCES:	
	Deferred Outflow Related to Pensions	796,923
	Deferred Outflow Related to OPEB	715,344
1700	Total Deferred Outflows of Resources	1,512,267
	LIABILITIES:	
2110	*Accounts Payable*	46,931
2165	*Accrued Liabilities*	167,808
	Noncurrent Liabilities:	
2501	*Due Within One Year*	120,000
2502	*Due in More Than One Year*	3,839,045
2540	*Net Pension Liability*	1,674,529
2545	*Net OPEB Liability*	795,063
2000	Total Liabilities	6,643,376
	DEFERRED INFLOWS OF RESOURCES:	
	Deferred Inflow Related to Pensions	138,920
	Deferred Inflow Related to OPEB	1,581,466
2600	Total Deferred Inflows of Resources	1,720,386
	NET POSITION:	
3200	Net Investment in Capital Assets	5,126,585
	Restricted For:	
3820	Federal and State Programs	93,238
3850	Debt Service	456,945
3870	Campus Activities	13,050
3900	Unrestricted	(679,705)
3000	Total Net Position	$ 5,010,113

The accompanying notes are an integral part of this statement.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
	Governmental Activities:				
11	*Instruction*	$ 3,404,455	$ --	$ 427,161	$ (2,977,294)
12	*Instructional Resources and Media Services*	42,741	--	1,689	(41,052)
13	*Curriculum and Staff Development*	34,198	--	1,346	(32,852)
23	*School Leadership*	328,811	--	13,242	(315,569)
31	*Guidance, Counseling, and Evaluation Services*	154,721	--	6,242	(148,479)
33	*Health Services*	49,261	--	1,983	(47,278)
34	*Student Transportation*	251,216	--	9,179	(242,037)
35	*Food Service*	428,936	29,830	346,582	(52,524)
36	*Cocurricular/Extracurricular Activities*	477,181	14,393	19,044	(443,744)
41	*General Administration*	513,638	--	20,561	(493,077)
51	*Facilities Maintenance and Operations*	1,013,026	--	45,494	(967,532)
52	*Security and Monitoring Services*	227,225	--	95,263	(131,962)
53	*Data Processing Services*	18,430	--	734	(17,696)
72	*Interest on Long-term Debt*	135,355	--	14,234	(121,121)
73	*Bond Issuance Costs and Fees*	11,438	--	--	(11,438)
93	*Payments Related to Shared Services Arrangements*	10,061	--	416	(9,645)
TG	Total Governmental Activities	7,100,693	44,223	1,003,170	(6,053,300)
TP	Total Primary Government	$ 7,100,693	$ 44,223	$ 1,003,170	(6,053,300)
	General Revenues:				
MT	*Property Taxes, Levied for General Purposes*				1,768,589
DT	*Property Taxes, Levied for Debt Service*				550,132
IE	*Investment Earnings*				117,189
SF	*State Aid-Formula Grants*				3,650,772
MI	*Miscellaneous*				18,511
TR	Total General Revenues				6,105,193
CN	Change in Net Position				51,893
NB	Net Position - Beginning				4,958,220
NE	Net Position - Ending				$ 5,010,113

The accompanying notes are an integral part of this statement.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes		10 General Fund	50 Debt Service Fund	onmf Other Governmental Funds	98 Total Governmental Funds
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 2,339,550	$ 439,951	$ 63,767	$ 2,843,268
1225	*Taxes Receivable, Net*	78,342	21,843	--	100,185
1240	*Due from Other Governments*	309,422	--	41,791	351,213
1260	*Due from Other Funds*	13,956	16,994	11,401	42,351
1000	Total Assets	2,741,270	478,788	116,959	3,337,017
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ 35,521	$ --	$ 40	$ 35,561
2160	*Accrued Wages Payable*	161,435	--	6,373	167,808
2170	*Due to Other Funds*	28,364	--	--	28,364
2000	Total Liabilities	225,320	--	6,413	231,733
	DEFERRED INFLOWS OF RESOURCES:				
	Deferred Revenue	78,342	21,843	--	100,185
2600	Total Deferred Inflows of Resources	78,342	21,843	--	100,185
	FUND BALANCES:				
	Restricted Fund Balances:				
3450	*Federal/State Funds Grant Restrictions*	--	--	97,496	97,496
3480	*Retirement of Long-Term Debt*	--	456,945	--	456,945
3490	*Other Restrictions of Fund Balance*	--	--	13,050	13,050
3600	Unassigned	2,437,608	--	--	2,437,608
3000	Total Fund Balances	2,437,608	456,945	110,546	3,005,099
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	$ 2,741,270	$ 478,788	$ 116,959	$ 3,337,017

The accompanying notes are an integral part of this statement.

AGUA DULCE 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	$	3,005,099
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not reported in the funds.		8,541,585
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		100,185
Payables for bond principal which are not due in the current period are not reported in the funds.		(3,415,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.		(35,200)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		(508,845)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(1,674,529)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(138,920)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		796,923
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(795,063)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(1,581,466)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		715,344
Net position of governmental activities - Statement of Net Position	$	5,010,113

The accompanying notes are an integral part of this statement.

AGUA DULCE 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	onmf Other Governmental Funds	98 Total Governmental Funds
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 1,934,869	$ 556,495	$ 29,850	$ 2,521,214
5800	*State Program Revenues*	3,957,898	14,234	102,089	4,074,221
5900	*Federal Program Revenues*	--	--	642,070	642,070
5020	Total Revenues	5,892,767	570,729	774,009	7,237,505
	EXPENDITURES:				
	Current:				
0011	*Instruction*	2,963,872	--	297,763	3,261,635
0012	*Instructional Resources and Media Services*	40,236	--	--	40,236
0013	*Curriculum and Staff Development*	32,194	--	--	32,194
0023	*School Leadership*	313,972	--	--	313,972
0031	*Guidance, Counseling, and Evaluation Services*	147,912	--	--	147,912
0033	*Health Services*	47,182	--	--	47,182
0034	*Student Transportation*	217,784	--	--	217,784
0035	*Food Service*	--	--	415,621	415,621
0036	*Cocurricular/Extracurricular Activities*	451,785	--	--	451,785
0041	*General Administration*	487,453	--	--	487,453
0051	*Facilities Maintenance and Operations*	999,010	--	5,874	1,004,884
0052	*Security and Monitoring Services*	124,803	--	90,000	214,803
0053	*Data Processing Services*	17,350	--	--	17,350
0071	*Principal on Long-term Debt*	--	405,000	--	405,000
0072	*Interest on Long-term Debt*	--	152,800	--	152,800
0073	*Bond Issuance Costs and Fees*	--	11,438	--	11,438
0081	*Capital Outlay*	184,819	--	--	184,819
0093	*Payments to Shared Service Arrangements*	10,061	--	--	10,061
6030	Total Expenditures	6,038,433	569,238	809,258	7,416,929
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(145,666)	1,491	(35,249)	(179,424)
	Other Financing Sources and (Uses):				
7915	*Transfers In*	204	--	--	204
8911	*Transfers Out*	--	--	(204)	(204)
8949	*Other Uses*	--	(5,684)	--	(5,684)
7080	Total Other Financing Sources and (Uses)	204	(5,684)	(204)	(5,684)
1200	Net Change in Fund Balances	(145,462)	(4,193)	(35,453)	(185,108)
0100	Fund Balances - Beginning	2,583,070	461,138	145,999	3,190,207
3000	Fund Balances - Ending	$ 2,437,608	$ 456,945	$ 110,546	$ 3,005,099

The accompanying notes are an integral part of this statement.

AGUA DULCE 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	$	(185,108)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:		
Capital outlays are not reported as expenses in the SOA.		243,847
The depreciation of capital assets used in governmental activities is not reported in the funds.		(425,551)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		(22,569)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.		575
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		405,000
The net revenue (expense) of internal service funds is reported with governmental activities.		30,319
Bond premiums are reported in the funds but not in the SOA.		23,129
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.		(190,768)
OPEB expense relating to GASB 75 is recorded in the SOA but not in the funds.		173,020
Rounding difference		(1)
Change in net position of governmental activities - Statement of Activities	$	51,893

The accompanying notes are an integral part of this statement.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
AUGUST 31, 2024

Data Control Codes		Nonmajor Internal Service Fund Insurance Fund
	ASSETS:	
	Current Assets:	
	Receivables:	
1260	*Due from Other Funds*	$ 11,370
	Total Current Assets	11,370
1000	Total Assets	11,370
	LIABILITIES:	
	Current Liabilities:	
2110	*Accounts Payable*	$ 11,370
	Total Current Liabilities	11,370
2000	Total Liabilities	11,370
	NET POSITION:	
3000	Total Net Position	$ -

The accompanying notes are an integral part of this statement.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUND FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Nonmajor Internal Service Fund Insurance Fund
	OPERATING REVENUES:	
5700	*Local and Intermediate Sources*	$ 44,601
5020	Total Revenues	44,601
	OPERATING EXPENSES:	
6200	*Professional and Contracted Services*	14,282
6030	Total Expenses	14,282
1300	Change in Net Position	30,319
0100	Total Net Position - Beginning	(30,319)
3300	Total Net Position - Ending	$ -

The accompanying notes are an integral part of this statement.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

	Internal Service Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	$ --
Cash Received from Grants	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	44,601
Cash Payments to Employees for Services	--
Cash Payments to Other Suppliers for Goods and Services	53,717
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	98,318
Cash Flows from Non-capital Financing Activities:	
Transfers From (To) Other Funds	--
Net Cash Provided (Used) by Non-capital Financing Activities	--
Cash Flows from Capital and Related Financing Activities:	
Contributed Capital	--
Net Cash Provided (Used) for Capital and Related Financing Activities	--
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	--
Net Cash Provided (Used) for Investing Activities	--
Net Increase (Decrease) in Cash and Cash Equivalents	98,318
Cash and Cash Equivalents at Beginning of Year	(98,318)
Cash and Cash Equivalents at End of Year	$ --
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	$ 30,319
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	--
Provision for Uncollectible Accounts	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	--
Increase (Decrease) in Accounts Payable	--
Increase (Decrease) in Interfund Payables	67,999
Increase (Decrease) in Accrued Expenses	--
Increase (Decrease) in Unearned Revenue	--
Total Adjustments	67,999
Net Cash Provided (Used) by Operating Activities	$ 98,318

The accompanying notes are an integral part of this statement.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2024

Data Control Codes		Private-purpose Trust Fund	Custodial Fund
		Scholarship Fund	Student Activity
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ --	$ 44,912
1800	*Restricted Assets*	14,933	--
1000	Total Assets	14,933	44,912
	LIABILITIES:		
	Current Liabilities:		
2170	*Due to Other Funds*	$ --	$ 25,356
2000	Total Liabilities	--	25,356
	NET POSITION:		
3800	*Held in Trust*	14,933	--
3800	*Restricted for Other Purposes*	--	19,556
3000	Total Net Position	$ 14,933	$ 19,556

The accompanying notes are an integral part of this statement.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

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

	Private Purpose Trusts	Custodial Funds
ADDITIONS:		
Investment Income	$ 243	$ --
Net (Decrease) in Fair Value of Investments	--	--
Employer Contributions	--	--
Plan Member Contributions	--	--
Contributions from Foundations, Gifts and Bequests	--	--
Student Group Fundraising Activities	--	148,339
Total Additions	243	148,339
DEDUCTIONS:		
Benefits	--	--
Refunds of Contributions	--	--
Other Operating Expenses	--	142,546
Total Deductions	--	142,546
Change in Fiduciary Net Position	243	5,793
Net Position-Beginning of the Year	14,690	13,764
Prior Period Adjustment	--	--
Net Position-End of the Year	$ 14,933	$ 19,557

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

The basic financial statements of Agua Dulce 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.

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

The District reports the following major governmental funds:

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

|Debt Service Fund: This fund is used to account for general long-term debt principal and interest for debt issues and other long-term debts for which a tax has been dedictaed.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

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

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

b. 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.

	General Fund	Debt Service Fund	Total
Delinquent Taxes	$ 395,266	$ 110,206	$ 505,472
Allowance for Uncollectible Accounts	(316,924)	(88,363)	(405,287)
Net Taxes	$ 78,342	$ 21,843	$ 100,185

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.

c. 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.

d. Capital Assets

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

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

Asset Class	Estimated Useful Lives
Buildings	30-75
Building Improvements	30
Vehicles	5-15
Furniture and Equipment	5-20

e. 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.

f. 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.

g. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave in a lump case payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

h. 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.

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

j. 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.

k. Fund Balances - Governmental Funds

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.

l. 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.

m. 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 did not implement any new standards from the Governmental Accounting Standards Board (GASB).

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:

Budget Violation

		Budget	Actual Amount Spent	Variance
General Fund				
34	Student Transportation	213,400	217,784	(4,384)
81	Facilities Acquisition and Construction	131,000	184,819	(53,819)
Food Service				
35	Food Services	394,000	415,621	(21,621)

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:

Fund Name	Deficit Amount	Remarks
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 $1,245,432 and the bank balance was $2,944,477. 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.

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 investment at August 31, 2024 is shown below and is included with Cash and Cash Equivalents:

Investment or Investment Type	Maturity	Fair Value
Lonestar Pool	N/A	$ 1,642,748
Total Investments		$ 1,642,748

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.

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.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 52,019	$ --	$ --	$ 52,019
Construction in progress	200,000	--	(200,000)	--
Total capital assets not being depreciated	252,019	--	(200,000)	52,019
Capital assets being depreciated:				
Buildings and improvements	12,022,741	431,705	--	12,454,446
Equipment	925,670	12,142	--	937,812
Vehicles	757,437	--	--	757,437
Total capital assets being depreciated	13,705,848	443,847	--	14,149,695
Less accumulated depreciation for:				
Buildings and improvements	(4,476,703)	(315,343)	--	(4,792,046)
Equipment	(386,765)	(76,775)	--	(463,540)
Vehicles	(371,111)	(33,432)	--	(404,543)
Total accumulated depreciation	(5,234,579)	(425,550)	--	(5,660,129)
Total capital assets being depreciated, net	8,471,269	18,297	--	8,489,566
Governmental activities capital assets, net	$ 8,723,288	$ 18,297	$ (200,000)	$ 8,541,585

Depreciation was charged to functions as follows:

Instruction	$	199,527
Instructional Resources and Media Services		2,505
Curriculum and Staff Development		2,004
School Leadership		19,271
Guidance, Counseling, & Evaluation Services		9,068
Health Services		2,887
Student Transportation		33,432
Food Services		25,139
Extracurricular Activities		27,966
General Administration		30,103
Plant Maintenance and Operations		59,252
Security and Monitoring Services		13,317
Data Processing Services		1,080
	$	425,551

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:

Due To Fund	Due From Fund		Amount	Purpose
General Fund	Trust and Agency Fund	$	13,956	Short-term loans
Debt Service Fund	General Fund		16,994	Short-term loans
Other Governmental Funds	Trust and Agency Fund		11,401	Short-term loans
Internal Service Fund	General Fund		11,370	Short-term loans
	Total	$	53,721	

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

2. Transfers To and From Other Funds

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

Transfers From	Transfers To		Amount	Reason
Other Governmental Funds	General fund	$	204	Reimburse expenditures
	Total	$	204	

F. Long-Term Obligations

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

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:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
2016 Unlimted Tax School Building Bonds 4.0%	3,820,000		405,000	3,415,000	120,000
Total governmental activities	3,820,000	--	405,000	3,415,000	$ 120,000
Sick Leave Payable	35,775		575	35,200	
Premium Payable	531,975		23,129	508,846	
Total Governmental	$ 4,387,750	$ --	$ 428,704	$ 3,959,046	
Current Portion				120,000	
Due in MOre Than One Year				3,839,046	
Pension Liability	$ 1,544,577	$ 129,952	$	$ 1,674,529	
OPEB Liability	$ 989,314	$	$ 194,251	$ 795,063	

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General fund
Pension Liability	Governmental	General fund
OPEB Liability	Governmental	General fund

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2024, are as follows:

	Governmental Activities		
	Bonds		
Year Ending August 31,	Principal	Interest	Total
2025	$ 120,000	136,600	256,600
2026	125,000	131,800	256,800
2027	130,000	126,800	256,800
2028	135,000	121,600	256,600
2029	140,000	116,200	256,200
2030-2034	790,000	492,400	1,282,400
2035-2039	955,000	321,600	1,276,600
2040-2044	1,020,000	114,200	1,134,200
Totals	$ 3,415,000	$ 1,561,200	$ 4,976,200

G. 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.

H. Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detailed information about the 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.

Contribution Rates	2023	2024
Member	8.0%	8.25%
Non-Employer Contributing Entity (State)	8.0%	8.25%
Employers	8.0%	8.25%

District's 2024 Employer Contributions	$	133,047
District's 2024 Member Contributions	$	256,691
2023 NECE On-Behalf Contributions (State)	$	185,580

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.

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%**

* 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:	$ 2,503,513	$ 1,674,529	$ 985,228

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 $1,674,529 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	$ 1,674,529
State's proportionate share that is associated with District	2,479,955
Total	$ 4,154,484

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 0.0024377933 which is a decrease of 0.0001639311 percentt from it 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 $698,267 and revenue of $374,452 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Actuarial Experience	$ 59,664	$ 20,277
Changes in Actuarial Assumptions	158,378	38,759
Difference Between Projected and Actual Investment Earnings	243,685	--
Changes in Proportion and Difference between District's Contributions and the Proportionate Share of Contributions	202,149	79,884
Contributions paid to TRS subsequent to the measurement date of the Net Pension Liability (to be calculated by employer)	133,047	--
Total	$ 796,923	$ 138,920

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	$ 123,169
2026	$ 85,783
2027	$ 236,703
2028	$ 81,948
2029	$ (2,647)
Thereafter	$ --

I. 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.

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	
	2024
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/Private Funding remitted by Employers	1.25%

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

District's 2024 Employer Contributions	$	32,537
District's 2024 Member Contributions	$	20,224
2023 NECE On-Behalf Contributions (state)	$	37,592

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, 2021.

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, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

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

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

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 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:	$ 936,418	$ 795,063	$ 679,713

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 $795,063 for its proportionate share of the TRS's Net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the Net OPEB Liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 795,063
State's proportionate share that is associated with the District	$ 959,365
Total	$ 1,754,428

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, 2024 the District's proportion of the collective net OPEB liability was 0.0035913437 which is a decrease of 0.0005404368 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:	$ 654,694	$ 795,063	$ 975,647

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:

- 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 $(345,575).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 35,971	$ 668,895
Changes in actuarial assumptions	108,520	486,838
Difference between projected and actual investment earnings	343	--
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	537,973	425,733
Contributions paid to TRS subsequent to the measurement date	32,537	
Total	$ 715,344	$ 1,581,466

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	$ (207,731)
2026	$ (171,264)
2027	$ (121,896)
2028	$ (93,726)
2029	$ (79,871)
Thereafter	$ (224,171)

For the year ended August 31, 2024, the District recognized OPEB expense of $(345,575) and revenue of $(205,092) 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 year ended August 31, 2024, the subsidy payment received by TRS-Care on behalf of the District was $17,308.

J. 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 $481 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 Section 21.922, Texas Education Code and was documented by contractual agreement.

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

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

K. 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.

L. Shared Services Arrangements

Shared Services Arrangement
Shared Services Arrangement - Membership
The District participates in a shared services arrangement ("SSA") with the Brush Country Co-Op.

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, school name, 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.

M. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through January 7, 2025 (the date of the Audit Report). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

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.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

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

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 2,154,000	$ 2,154,000	$ 1,934,869	$ (219,131)
5800	*State Program Revenues*	3,090,316	3,568,206	3,957,898	389,692
5020	Total Revenues	5,244,316	5,722,206	5,892,767	170,561
	EXPENDITURES:				
	Current:				
	Instruction and Instructional Related Services:				
0011	*Instruction*	2,782,735	3,002,220	2,963,872	38,348
0012	*Instructional Resources and Media Services*	44,500	47,500	40,236	7,264
0013	*Curriculum and Instructional Staff Development*	32,700	37,000	32,194	4,806
	Total Instruction and Instr. Related Services	2,859,935	3,086,720	3,036,302	50,418
	Instructional and School Leadership:				
0023	*School Leadership*	293,100	325,800	313,972	11,828
	Total Instructional and School Leadership	293,100	325,800	313,972	11,828
	Student Support Services:				
0031	*Guidance, Counseling and Evaluation Services*	140,310	151,852	147,912	3,940
0033	*Health Services*	42,980	49,900	47,182	2,718
0034	*Student Transportation*	193,180	213,400	217,784	(4,384)
0036	*Extracurricular Activities*	401,891	484,456	451,785	32,671
	Total Student Support Services	778,361	899,608	864,663	34,945
	Administrative Support Services:				
0041	*General Administration*	431,516	501,201	487,453	13,748
	Total Administrative Support Services	431,516	501,201	487,453	13,748
	Support Services:				
0051	*Facilities Maintenance and Operations*	760,427	1,065,000	999,010	65,990
0052	*Security and Monitoring Services*	96,000	137,000	124,803	12,197
0053	*Data Processing Services*	14,600	18,200	17,350	850
	Total Support Services	871,027	1,220,200	1,141,163	79,037
	Capital Outlay:				
0081	*Facilities Acquisition and Construction*	--	131,000	184,819	(53,819)
	Total Capital Outlay	--	131,000	184,819	(53,819)
	Intergovernmental Charges:				
0093	*Payments to Fiscal Agent/Member Dist.-SSA*	10,000	10,500	10,061	439
	Total Intergovernmental Charges	10,000	10,500	10,061	439
6030	Total Expenditures	5,243,939	6,175,029	6,038,433	136,596
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	377	(452,823)	(145,666)	307,157
	Other Financing Sources (Uses):				
7915	*Operating Transfers In*	--	--	204	204
7080	Total Other Financing Sources and (Uses)	--	--	204	204
1200	Net Change in Fund Balance	377	(452,823)	(145,462)	307,361
0100	Fund Balance - Beginning	2,583,070	2,583,070	2,583,070	--
3000	Fund Balance - Ending	$ 2,583,447	$ 2,130,247	$ 2,437,608	$ 307,361

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEACHER 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 net pension liability (asset)	0.0024377933%	0.0026017244%	0.0019278256%	0.0019702487%	0.0020086451%	0.0018649070%	0.0019172419%	0.0019820265%	0.0019304000%	0.0008629000%
District's proportionate share of the net pension liability (asset)	$ 1,674,529	$ 1,544,577	$ 490,949	$ 1,055,225	$ 1,044,157	$ 1,026,490	$ 613,031	$ 748,978	$ 682,371	$ 230,493
State's proportionate share of the net pension liability (asset) associated with the District	2,479,955	2,150,433	1,027,486	2,346,250	1,911,511	2,069,275	1,365,997	1,701,210	1,790,499	1,523,998
Total	$ 4,154,484	$ 3,695,010	$ 1,518,435	$ 3,401,475	$ 2,955,668	$ 3,095,765	$ 1,979,028	$ 2,450,188	$ 2,472,870	$ 1,754,491
District's covered-employee payroll	$ 3,164,688	$ 3,104,033	$ 2,756,950	$ 2,904,737	$ 2,290,193	$ 2,540,426	$ 2,463,389	$ 2,425,753	$ 2,596,298	$ 2,399,443
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.91%	49.76%	17.81%	36.33%	45.59%	40.41%	24.89%	30.88%	26.28%	9.61%
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.

EXHIBIT G-3

AGUA DULCE 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	$ 133,047	$ 128,729	$ 123,018	$ 83,009	$ 84,006	$ 70,234	$ 63,870	$ 59,821	$ 45,290	$ 57,122
Contributions in relation to the contractually required contribution	(133,047)	(128,729)	(123,018)	(83,009)	(84,006)	(70,234)	(63,870)	(59,821)	(45,290)	(57,122)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
District's covered-employee payroll	$ 3,111,403	$ 3,164,688	$ 3,104,033	$ 2,756,950	$ 2,904,737	$ 2,509,781	$ 2,540,426	$ 2,463,389	$ 2,622,765	$ 2,596,298
Contributions as a percentage of covered-employee payroll	4.28%	4.07%	3.96%	3.01%	2.89%	2.80%	2.51%	2.43%	1.73%	2.20%

EXHIBIT G-4

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
*LAST TEN FISCAL YEARS **

	Measurement Year **						
	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability	0.0035913437%	0.0041317805%	0.0036552751%	0.0037058435%	0.0029262113%	0.0027760823%	0.0034391155%
District's proportionate share of the collective net OPEB liability	$ 795,063	$ 989,314	$ 1,410,003	$ 1,408,758	$ 1,383,839	$ 1,386,123	$ 1,495,542
State proportionate share of the collective net OPEB liability associated with the District	$ 959,365	$ 1,206,807	$ 1,889,090	$ 1,893,034	$ 1,838,815	$ 2,053,591	$ 2,000,499
Total	$ 1,754,428	$ 2,196,121	$ 3,299,093	$ 3,301,792	$ 3,222,654	$ 3,439,714	$ 3,496,041
District's covered-employee payroll	$ 3,164,688	$ 3,104,033	$ 2,756,950	$ 2,904,737	$ 2,290,193	$ 2,540,426	$ 2,463,589
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	25.12%	31.87%	51.14%	48.50%	60.42%	54.56%	60.71%
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.

EXHIBIT G-5

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

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

	Fiscal Year						
	2024	2023	2022	2021	2020	2019	2018
Statutorily or contractually required District contribution	$ 32,537	$ 32,224	$ 35,006	$ 30,093	$ 29,237	$ 20,762	$ 19,191
Contributions recognized by OPEB in relation to statutorily or contractually required contribution	(32,537)	(32,224)	(35,006)	(30,093)	(29,237)	(20,762)	(19,191)
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --
District's covered-employee payroll	$ 3,111,403	$ 3,164,688	$ 3,104,033	$ 2,756,950	$ 2,904,737	$ 2,509,781	$ 2,540,426
Contributions as a percentage of covered-employee payroll	1.05%	1.02%	1.13%	1.09%	1.01%	0.83%	0.76%

* 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.

Budget

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

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

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

Changes of benefit terms

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

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes		Special Revenue Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ 63,767	$ 63,767
1240	*Due from Other Governments*	41,791	41,791
1260	*Due from Other Funds*	11,401	11,401
1000	Total Assets	116,959	116,959
	LIABILITIES:		
	Current Liabilities:		
2110	*Accounts Payable*	$ 40	$ 40
2160	*Accrued Wages Payable*	6,373	6,373
2000	Total Liabilities	6,413	6,413
	FUND BALANCES:		
	Restricted Fund Balances:		
3450	*Federal/State Funds Grant Restrictions*	97,496	97,496
3490	*Other Restrictions of Fund Balance*	13,050	13,050
3000	Total Fund Balances	110,546	110,546
4000	Total Liabilities and Fund Balances	$ 116,959	$ 116,959

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 29,830	$ 20	$ 29,850
5800	*State Program Revenues*	102,089	--	102,089
5900	*Federal Program Revenues*	642,070	--	642,070
5020	Total Revenues	773,989	20	774,009
	EXPENDITURES:			
	Current:			
0011	*Instruction*	297,763	--	297,763
0035	*Food Service*	415,621	--	415,621
0051	*Facilities Maintenance and Operations*	3,836	2,038	5,874
0052	*Security and Monitoring Services*	90,000	--	90,000
6030	Total Expenditures	807,220	2,038	809,258
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(33,231)	(2,018)	(35,249)
	Other Financing Sources and (Uses):			
8911	*Transfers Out*	(204)	--	(204)
7080	Total Other Financing Sources and (Uses)	(204)	--	(204)
1200	Net Change in Fund Balances	(33,435)	(2,018)	(35,453)
0100	Fund Balances - Beginning	143,981	2,018	145,999
3000	Fund Balances - Ending	$ 110,546	$ --	$ 110,546

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2024

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program
	ASSETS:		
1110	*Cash and Cash Equivalents*	$ (7,288)	$ 82,700
1240	*Due from Other Governments*	7,288	16,951
1260	*Due from Other Funds*	--	--
1000	Total Assets	--	99,651
	LIABILITIES:		
	Current Liabilities:		
2110	*Accounts Payable*	$ --	$ 40
2160	*Accrued Wages Payable*	--	6,373
2000	Total Liabilities	--	6,413
	FUND BALANCES:		
	Restricted Fund Balances:		
3450	*Federal/State Funds Grant Restrictions*	--	93,238
3490	*Other Restrictions of Fund Balance*	--	--
3000	Total Fund Balances	--	93,238
4000	Total Liabilities and Fund Balances	$ --	$ 99,651

410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
$ 4,258	$ (17,552)	$ 1,649	$ 63,767
--	17,552	--	41,791
--	--	11,401	11,401
4,258	--	13,050	116,959
$ --	$ --	$ --	$ 40
--	--	--	6,373
--	--	--	6,413
4,258	--	--	97,496
--	--	13,050	13,050
4,258	--	13,050	110,546
$ 4,258	$ --	$ 13,050	$ 116,959

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		211 ESEA Title I Improving Basic Programs	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting
	REVENUES:			
5700	*Local and Intermediate Sources*	$ --	$ 29,830	$ --
5800	*State Program Revenues*	--	27,380	--
5900	*Federal Program Revenues*	165,482	323,441	19,808
5020	Total Revenues	165,482	380,651	19,808
	EXPENDITURES:			
	Current:			
0011	*Instruction*	165,482	--	19,808
0035	*Food Service*	--	415,621	--
0051	*Facilities Maintenance and Operations*	--	2,723	--
0052	*Security and Monitoring Services*	--	--	--
6030	Total Expenditures	165,482	418,344	19,808
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	(37,693)	--
	Other Financing Sources and (Uses):			
8911	*Transfers Out*	--	--	--
7080	Total Other Financing Sources and (Uses)	--	--	--
1200	Net Change in Fund Balances	--	(37,693)	--
0100	Fund Balances - Beginning	--	130,931	--
3000	Fund Balances - Ending	$ --	$ 93,238	$ --

270 ESEA, Title VI Part B, Subpart 2 Rural School	285 IDEA-B Preschool the American Rescue Plan Act	289 Title IV, Part A, Subpart 1	397 Advanced Placement Incentives	410 State Textbook Fund
$ --	$ --	$ --	$ --	$ --
--	--	--	204	9,466
29,678	90,000	13,661	--	--
29,678	90,000	13,661	204	9,466
29,678	--	13,661	--	5,208
--	--	--	--	--
--	--	--	--	--
--	90,000	--	--	--
29,678	90,000	13,661	--	5,208
--	--	--	204	4,258
--	--	--	(204)	--
--	--	--	(204)	--
--	--	--	--	4,258
--	--	--	--	--
$ -	$ -	$ -	$ -	$ 4,258

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ --	$ --	$ 29,830
5800	*State Program Revenues*	65,039	--	102,089
5900	*Federal Program Revenues*	--	--	642,070
5020	Total Revenues	65,039	--	773,989
	EXPENDITURES:			
	Current:			
0011	*Instruction*	63,926	--	297,763
0035	*Food Service*	--	--	415,621
0051	*Facilities Maintenance and Operations*	1,113	--	3,836
0052	*Security and Monitoring Services*	--	--	90,000
6030	Total Expenditures	65,039	--	807,220
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	--	(33,231)
	Other Financing Sources and (Uses):			
8911	*Transfers Out*	--	--	(204)
7080	Total Other Financing Sources and (Uses)	--	--	(204)
1200	Net Change in Fund Balances	--	--	(33,435)
0100	Fund Balances - Beginning	--	13,050	143,981
3000	Fund Balances - Ending	$ --	$ 13,050	$ 110,546

Other 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.

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

Year Ended August 31	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/23
2015 and Prior Years	$ Various	$ Various	$ Various	$ 125,620
2016	1.1521	.1985	153,341,846	25,419
2017	1.17	.3396	136,151,511	36,178
2018	1.17	.3465	135,650,534	38,694
2019	1.17	.3465	139,376,946	36,501
2020	1.0684	.2862	166,004,857	37,310
2021	.9669	.2374	188,384,978	41,541
2022	.9669	.2374	185,758,335	44,926
2023	.9429	.2335	213,967,917	86,926
2024 (School Year Under Audit)	.7576	.2334	238,751,306	--
1000 Totals				$ 473,115

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

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)
$ --	$ 580	$ 387	$ 145	$ 124,799	
--	(2,405)	(414)	--	28,238	
--	74	21	--	36,083	
--	536	159	--	38,000	
--	170	50	--	36,281	
--	767	206	(860)	35,477	
--	1,294	318	(756)	39,173	
--	4,913	1,206	(195)	38,612	
--	26,470	6,555	(733)	53,169	
2,383,937	1,746,446	538,042	(23,807)	75,642	
$ 2,383,937	$ 1,778,845	$ 546,529	$ (26,207)	$ 505,471	
					$ --

$ --

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAM
AS OF AUGUST 31, 2024

Data Control Codes		Responses	
	Section A: Compensatory Education Programs		
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.	$	450,681
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28 29, 30)	$	381,320
	Section B: Bilingual Education Programs		
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.	$	2,401
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	$	40,572

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

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

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 17,000	$ 29,830	$ 12,830
5800	*State Program Revenues*	4,700	27,380	22,680
5900	*Federal Program Revenues*	215,000	323,441	108,441
5020	Total Revenues	236,700	380,651	143,951
	EXPENDITURES:			
	Current:			
	Student Support Services:			
0035	*Food Services*	394,000	415,621	(21,621)
	Total Student Support Services	394,000	415,621	(21,621)
	Support Services:			
0051	*Facilities Maintenance and Operations*	40,500	2,723	37,777
	Total Support Services	40,500	2,723	37,777
6030	Total Expenditures	434,500	418,344	16,156
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(197,800)	(37,693)	160,107
1200	Net Change in Fund Balance	(197,800)	(37,693)	160,107
0100	Fund Balance - Beginning	130,931	130,931	--
3000	Fund Balance - Ending	$ (66,869)	$ 93,238	$ 160,107

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 560,450	$ 556,495	$ (3,955)
5800	*State Program Revenues*	14,500	14,234	(266)
5020	Total Revenues	574,950	570,729	(4,221)
	EXPENDITURES:			
	Debt Service:			
0071	*Debt Service*	--	405,000	(405,000)
0072	*Interest on Long-Term Debt*	574,450	152,800	421,650
0073	*Bond Issuance Costs and Fees*	500	11,438	(10,938)
	Total Debt Service	574,950	569,238	5,712
6030	Total Expenditures	574,950	569,238	5,712
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	1,491	1,491
	Other Financing Sources (Uses):			
8949	*Other Uses*	--	(5,684)	(5,684)
7080	Total Other Financing Sources and (Uses)	--	(5,684)	(5,684)
1200	Net Change in Fund Balance	--	(4,193)	(4,193)
0100	Fund Balance - Beginning	461,138	461,138	--
3000	Fund Balance - Ending	$ 461,138	$ 456,945	$ (4,193)

GOWLAND, MORALES & SMITH, PLLC
Certified Public Accountants

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Telephone: (361) 993-1000
Fax: (361) 991-2880

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

Board of Trustees
Agua Dulce Independent School District
P.O. Box 250
Agua Dulce, Texas 78330-0250

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 Agua Dulce Independent School District, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise Agua Dulce Independent School District's basic financial statements, and have issued our report thereon dated January 7, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Agua Dulce 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 Agua Dulce Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Agua Dulce 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 Agua Dulce 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 Agua Dulce 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 Agua Dulce 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 Agua Dulce Independent School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Gowland, Morales, & Smith, PLLC

Gowland, Morales & Smith, PLLC

Corpus Christi, Texas
January 7, 2025

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2024

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's 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

B. Financial Statement Findings

NONE

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2024

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
NONE REQUIRED - N/A		

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2024

NONE REQUIRED - N/A

AGUA DULCE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2024

Data Control Codes		Responses
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 daysfrom 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	$ --