MAGNOLIA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

For the year ended August 31, 2024

MAGNOLIA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
For the year ended August 31, 2024

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MAGNOLIA INDEPENDENT SCHOOL DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended August 31, 2024

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INTRODUCTORY SECTION

CERTIFICATE OF BOARD

Magnolia Independent School District	Montgomery	170-906
Name of School District	County	Co. Dist. Number

We, the undersigned, clarify 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 ____ day of _____, ____.

_____	_____
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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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 *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

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

(Continued)

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the schedule of required responses to selected school first indicators 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 XX, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Crowe LLP

Houston, Texas
January XX, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Magnolia Independent School District (the "District") for the year ending August 31, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the District's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position at August 31, 2024 was $66,876,016.
- For the fiscal year ended August 31, 2024, the District's general fund reported a total fund balance of $34,464,220, of which $34,206,545 is unassigned and $257,675 is nonspendable.
- At the end of the fiscal year, the District's governmental funds (the general fund, the debt service fund, the capital projects fund, and nonmajor governmental funds) reported a combined ending fund balance of $117,645,422.

OVERVIEW OF THE FINANCIAL STATEMENTS

The 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.
- *The proprietary fund* statements provide information about services provided to parties inside the District. The proprietary funds include the District's internal service funds.
- *The fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, to whom the fiduciary resources belong. This fund includes student activity funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes to the financial statements are followed by a section entitled *Required Supplementary Information* that further explains and supports the information in the financial statements.

(Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the District as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District's activities that enable the reader to understand the financial condition of the District. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other nonfinancial factors, such as changes in the District's tax base, staffing patterns, enrollment, and attendance, need to be considered in order to assess the overall health of the District.

The Statement of Activities presents information showing how the District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities include the following class of activities:

Governmental Activities – Most of the District's basic services such as instruction, extracurricular activities, curriculum and staff development, health services, general administration, and plant operations and maintenance are included in governmental activities. Locally assessed property taxes, together with State foundation program entitlements, which are based upon student enrollment and attendance, finance most of the governmental activities.

The government-wide financial statements can be found after the MD&A.

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 simply accounting devices that are used to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and other funds are mandated by bond agreements or bond covenants.

- The Board of Trustees (the "Board") establishes other funds to control and manage money set aside for particular purposes or to show that the District is properly using certain taxes and grants.

- Other funds are used to account for assets held by the District in a custodial capacity. These assets do not belong to the District, but the District is responsible to properly account for them.

(Continued)

The District has the following kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary funds* – Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for workers' compensation self-insurance claims and fees, the after-school program, and the aquatic club. The internal service funds are included within governmental activities in the government-wide financial statements.

- *Fiduciary funds* – The District serves as the trustee, or fiduciary, for certain funds such as student activity funds. 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 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 governmental operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was $66,876,016 at August 31, 2024. *Table 1* focuses on net position while Table 2 shows the revenues and expenses that changed the net position balance during the year. *Table 1* indicates the overall condition of the District increased by $13,615,005. Current assets decreased primarily due to decreases in cash as a result of current year capital additions. Capital assets increased largely due to construction in progress for new school buildings. Current liabilities increased mainly due to an increase in retainage payable at year end for construction projects. Long-term liabilities significantly decreased due to current year debt service payments, a partial cash defeasance on outstanding debt, and a reduction in other postemployment benefit (OPEB) liability. Total deferred outflows and inflows of resources decreased due to changes in actuarially determined amounts that are deferred for pension and OPEB plan assets and current year amortization of deferred charges on refunding.

Table 2 reflects the District reporting an increase in total revenue of $19,054,108, which was largely due to an increase in grants and contributions not restricted as a result of an increase foundation revenue in the current year. This increase was offset by a decrease in property tax revenues due to a decrease in the property tax rate in the current year. The District also reported an increase of $12,975,295 in total expenses, which is primarily the result of increases in expenses recognized in relation to on-behalf payments from the State for the pension and other postemployment benefits plans.

(Continued)

Table 1
Net Position

	Governmental Activities		Total Change
	2024	2023	2024-2023
ASSETS			
Current assets	$ 141,046,782	$ 258,838,294	$ (117,791,512)
Capital assets	343,858,886	229,015,265	114,843,621
Total assets	484,905,668	487,853,559	(2,947,891)
DEFERRED OUTFLOWS ON RESOURCES			
Deferred charge on refunding	7,939,339	8,494,667	(555,328)
Deferred outflows - pensions	23,121,978	24,216,686	(1,094,708)
Deferred outflows - OPEB	10,621,663	12,801,328	(2,179,665)
Total deferred outflows on resources	41,682,980	45,512,681	(3,829,701)
LIABILITIES			
Current liabilities	20,628,205	16,071,105	4,557,100
Long-term liabilities	400,076,645	421,185,986	(21,109,341)
Total liabilities	420,704,850	437,257,091	(16,552,241)
DEFERRED INFLOWS ON RESOURCES			
Deferred inflows - pensions	3,709,055	3,593,365	115,690
Deferred inflows - OPEB	35,298,727	39,254,773	(3,956,046)
Total deferred inflows on resources	39,007,782	42,848,138	(3,840,356)
NET POSITION			
Net investment in capital assets	97,181,716	85,359,447	11,822,269
Restricted	16,188,642	14,269,155	1,919,487
Unrestricted	(46,494,342)	(46,367,591)	(126,751)
Total net position	$ 66,876,016	$ 53,261,011	$ 13,615,005

(Continued)

Table 2
Changes in Net Position

	Governmental Activities 2024	Governmental Activities 2023	Total Change 2024-2023
Revenues			
Program revenues:			
Charges for services	$ 4,520,018	$ 2,491,366	$ 2,028,652
Operating grants and contributions	34,938,504	23,470,811	11,467,693
General revenues:			
Property Taxes	99,300,294	116,316,738	(17,016,444)
Grants and contributions not restricted for specific programs	63,567,305	41,326,975	22,240,330
Investment earnings	11,131,323	7,778,992	3,352,331
Miscellaneous local and intermediate revenue	2,123,915	5,142,369	(3,018,454)
Total revenues	215,581,359	196,527,251	19,054,108
Expenses			
Instruction	101,676,732	96,065,989	5,610,743
Instructional resources and media services	1,220,861	1,201,875	18,986
Curriculum/instructional staff development	3,114,429	2,483,785	630,644
Instructional leadership	2,589,821	2,650,451	(60,630)
School leadership	8,938,070	8,713,887	224,183
Guidance, counseling, and evaluation services	8,467,953	7,423,444	1,044,509
Social work services	90,232	107,449	(17,217)
Health services	1,323,940	1,341,321	(17,381)
Student (pupil) transportation	10,608,152	11,658,196	(1,050,044)
Food services	8,991,282	10,263,999	(1,272,717)
Cocurricular/extracurricular activities	4,743,279	4,869,831	(126,552)
General administration	5,240,354	4,752,482	487,872
Plant maintenance and operations	26,099,185	18,672,723	7,426,462
Security and monitoring services	3,007,373	2,319,165	688,208
Data processing services	3,934,094	5,453,324	(1,519,230)
Community services	62,346	125,567	(63,221)
Interest on long-term debt	11,855,101	10,887,571	967,530
Other debt service fees	3,150	-	3,150
Total expenses	201,966,354	188,991,059	12,975,295
Change in net position	13,615,005	7,536,192	6,078,813
Net position - beginning of year	53,261,011	45,724,819	7,536,192
Net position - end of year	$ 66,876,016	$ 53,261,011	$ 13,615,005

(Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At the close of the fiscal year ending August 31, 2024, the District's governmental funds reported a combined fund balance of $117,645,422. This compares to a combined fund balance of $240,291,333 at August 31, 2023. The fund balance in the general fund increased primarily due to an increase in foundation revenue received in the current year. The debt service fund fund balance increase is primarily related to an increase in debt allotment payments from the State and a decrease in debt service payments in the current year. The capital projects fund fund balance decrease is largely due to current year capital expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with State law and generally accepted accounting principles, the District prepares an annual budget for the general fund, the food service special revenue fund, and the debt service fund. The District budgets the capital projects fund for each *project*, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year ended August 31, 2024, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures. There were no material changes between the original budget and the final amended budget. The general fund's actual revenues exceeded budgeted revenues by $1,399,173 primarily due to greater than expected foundation revenues received in the current year. The budgeted expenditures exceeded actual expenditures by $84,523 due primarily to less actual expenditures incurred related to instructional leadership and data processing services than anticipated.

CAPITAL ASSETS

Capital assets are generally defined as those items that have useful lives of two years or more and have an initial cost of an amount determined by the Board. Donated capital assets are recorded at acquisition value at the date of donation. During the fiscal year ended August 31, 2024, the District used a capitalization threshold of $5,000, which means that all capital type assets, including library books, with a cost or initial value of less than $5,000 were not included in the capital assets inventory.

At August 31, 2024, the District had a total of $343,858,886 invested in capital assets (net of accumulated depreciation) such as land, buildings, vehicles, and District equipment. This total includes capital assets not being depreciated in the amount of $153,925,573.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

LONG-TERM DEBT

At year end, the District had $292,672,782 in general obligation bonds, leases payable, and subscription liability, outstanding versus $313,796,974 last year. The decrease is due to current year principal payments and a partial cash defeasance payment made on outstanding debt.

More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

(Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Fiscal year 2025 marks the fourth year under House Bill (HB) 1525. Known as the HB 3 Cleanup Bill, the bill corrected some unintended consequences of HB 3. This marks the 6th year in a row with the same basic funding per student. There was a slight enhancement in Tier II funding via an increase in the Golden Penny yield.

- Within HB 1525 and the continuation of Maintenance & Operations tax rate compression, an increase in student enrollment is the only mechanism to produce additional revenue. In fiscal year 2024, the District's student enrollment population increased by approximately 450 students. District officials anticipate similar growth for fiscal year 2025.

- Marking the sixth year of static per-student funding alongside the compounded effects of unprecedented economic inflation, employees received a minimum raise of 1% for the 2024-2025 school year. Veteran teachers received up to a 3% raise. The District's budget also included a one-time retention payment of $500 for all employees and a competitive $350 per month for employee health insurance premium assistance.

- In addition to health insurance, the District provides $10,000 of life insurance coverage to full-time employees at no cost to the employee. Supplemental insurance is offered from various selected vendors based on cost savings and plan details as chosen after competitive procurement by the District's administration.

- The District offers extremely affordable in-house child daycare for its employees.

- The District's 2024 certified net taxable value for ad valorem tax purposes is $12.8 billion, representing an increase of approximately $1.6 billion, or approximately 14% higher versus the previous tax year. According to the Montgomery County Appraisal District, this increase is a result of a combination of (a) new properties on the roll, (b) market-driven increases on existing properties, and (c) commercial revaluations on existing properties.

- The District lowered its property tax rate from $0.9638 to $0.9595. This represents the lowest tax rate in over 20 years, the second lowest among Montgomery County school districts, and the third lowest in the Houston area for similar school districts.

- The District once again received a "Superior Achievement" for an "A" rating, including a score of 96/100, on the Texas Education Agency's School FIRST accountability rating system (for fiscal year 2023).

- District officials remain committed to an aggressive bond defeasance plan in order to save interest on bond payments resulting in taxpayer savings. Recent efforts of early payoff and bond refundings have saved District taxpayers over $61 million in bond interest expense.

- The District is governed by a well-trained, informed, dedicated, and student-focused Board of Trustees and administrative staff.

(Continued)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact either the Assistant Superintendent of Operations/CFO Dr. Erich Morris, or Executive Director of Financial Services Kim Weatherby at 31141 Nichols Sawmill Road, Magnolia, Texas 77353 or by calling (281) 356-8485.

BASIC FINANCIAL STATEMENTS

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - EXHIBIT A-1
August 31, 2024

Data Control Codes		1 Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	$ 108,284,761
1120	Current investments	23,543,159
1220	Property taxes receivable	3,287,768
1230	Allowance for uncollectible taxes	(325,334)
1240	Due from other governments	5,998,753
1300	Inventories	219,889
1410	Prepaids	37,786
		141,046,782
	Capital assets	
1510	Land	17,206,451
1520	Buildings and improvements, net	178,478,161
1530	Equipment and vehicles, net	9,563,191
1550	Right-to-use assets, net	1,616,471
1553	Subscription assets, net	275,490
1580	Construction in progress	136,719,122
		343,858,886
1000	Total assets	484,905,668
	DEFERRED OUTFLOW OF RESOURCES	
1701	Deferred charge on refunding	7,939,339
1705	Deferred outflows - pensions	23,121,978
1710	Deferred outflows - OPEB	10,621,663
1700	Total deferred outflows of resources	41,682,980
	LIABILITIES	
2110	Accounts payable	14,683,413
2140	Interest payable	528,364
2150	Payroll deductions payable	242,376
2160	Accrued wages payable	5,013,443
2300	Unearned revenue	160,609
		20,628,205
	Noncurrent liabilities	
2501	Long-term liabilities due within one year	12,504,502
2502	Long-term liabilities due in more than one year	309,376,982
2540	Net pension liability	55,766,580
2545	Net OPEB liability	22,428,581
2000	Total liabilities	420,704,850
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflows - pensions	3,709,055
2610	Deferred inflows - OPEB	35,298,727
2600	Total deferred inflows of resources	39,007,782
	NET POSITION	
3200	Net investment in capital assets	97,181,716
	Restricted for:	
3820	Federal and state programs	1,608,933
3850	Debt service	13,212,615
3870	Campus activities	1,367,094
3900	Unrestricted	(46,494,342)
3000	Total net position	$ 66,876,016

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - EXHIBIT B-1
For the year ended August 31, 2024

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position 6 Primary Government Governmental Activities
	Governmental activities				
11	Instruction	$ 101,676,732	$ 214,428	$ 16,863,619	$ (84,598,685)
12	Instructional resources and media services	1,220,861	-	75,277	(1,145,584)
13	Curriculum/instructional staff development	3,114,429	-	1,349,125	(1,765,304)
21	Instructional leadership	2,589,821	-	375,089	(2,214,732)
23	School leadership	8,938,070	-	670,728	(8,267,342)
31	Guidance, counseling, and evaluation services	8,467,953	-	2,815,042	(5,652,911)
32	Social work services	90,232	-	86,232	(4,000)
33	Health services	1,323,940	-	301,241	(1,022,699)
34	Student (pupil) transportation	10,608,152	-	580,178	(10,027,974)
35	Food services	8,991,282	2,349,045	7,519,465	877,228
36	Extracurricular activities	4,743,279	1,956,545	309,008	(2,477,726)
41	General administration	5,240,354	-	174,796	(5,065,558)
51	Plant maintenance and operations	26,099,185	-	3,649,567	(22,449,618)
52	Security and monitoring services	3,007,373	-	28,826	(2,978,547)
53	Data processing services	3,934,094	-	140,311	(3,793,783)
61	Community services	62,346	-	-	(62,346)
72	Debt service - interest	11,855,101	-	-	(11,855,101)
73	Debt service - other fees	3,150	-	-	(3,150)
TG	Total governmental activities	201,966,354	4,520,018	34,938,504	(162,507,832)
TP	Total primary government	$ 201,966,354	$ 4,520,018	$ 34,938,504	$ (162,507,832)
	General revenues				
MT	Property taxes, levied for general purposes				69,159,513
DT	Property taxes, levied for debt service				30,140,781
GC	Grants and contributions not restricted for specific programs				63,567,305
IE	Investment earnings				11,131,323
MI	Miscellaneous local and intermediate revenue				2,123,915
TR	Total general revenues				176,122,837
CN	Change in net position				13,615,005
NB	Beginning net position				53,261,011
NE	Ending net position				$ 66,876,016

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS - EXHIBIT C-1
August 31, 2024

Data Control Codes		10 General	50 Debt Service	60 Capital Projects	ONMF Nonmajor Governmental Funds	98 Total Governmental Funds
	ASSETS					
1110	Cash and cash equivalents	$ 17,668,221	$ 5,463,265	$ 81,422,933	$ 3,061,666	$ 107,616,085
1120	Investments - current	16,066,224	7,476,935	-	-	23,543,159
1220	Property taxes receivable	2,415,781	871,987	-	-	3,287,768
1230	Allowance for uncollectibles	(254,126)	(71,208)	-	-	(325,334)
1240	Due from other governments	3,185,374	-	-	2,813,379	5,998,753
1260	Due from other funds	2,623,953	-	30,855	218,445	2,873,253
1300	Inventories	219,889	-	-	-	219,889
1410	Prepaid items	37,786	-	-	-	37,786
1000	Total assets	$ 41,963,102	$ 13,740,979	$ 81,453,788	$ 6,093,490	$ 143,251,359
	LIABILITIES					
2110	Accounts payable	249,453	-	14,054,827	7,222	14,311,502
2150	Payroll deductions payable	242,376	-	-	-	242,376
2160	Accrued wages payable	4,507,092	-	7,022	364,787	4,878,901
2170	Due to other funds	338,306	-	126,964	2,584,845	3,050,115
2300	Unearned revenue	-	-	-	160,609	160,609
2000	Total liabilities	5,337,227	-	14,188,813	3,117,463	22,643,503
	DEFERRED INFLOWS OF RESOURCES					
2600	Unavailable revenue - property taxes	2,161,655	800,779	-	-	2,962,434
	FUND BALANCES					
	Nonspendable					
3410	Inventories	219,889	-	-	-	219,889
3430	Prepaid items	37,786	-	-	-	37,786
	Restricted					
3450	Federal/state grant restrictions	-	-	-	1,608,933	1,608,933
3470	Construction	-	-	67,264,975	-	67,264,975
3480	Debt service	-	12,940,200	-	-	12,940,200
3490	Other restrictions of fund balance	-	-	-	1,367,094	1,367,094
3600	Unassigned	34,206,545	-	-	-	34,206,545
3000	Total fund balances	34,464,220	12,940,200	67,264,975	2,976,027	117,645,422
4000	Total liabilities, deferred inflows of resources, and fund balances	$ 41,963,102	$ 13,740,979	$ 81,453,788	$ 6,093,490	$ 143,251,359

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION - EXHIBIT C-1R
August 31, 2024

Total fund balances for governmental funds		$ 117,645,422
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - nondepreciable	153,925,573	
Capital assets – depreciable/amortizable, net	189,933,313	
		343,858,886
Other long-term assets (deferred taxes) are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		2,962,434
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		339,085
Deferred items and some liabilities, including bonds payable, net penision liablitiy, and total other postemployment benefits (OPEB) liability, are not reported as liabilities or deferred items in liabilities in the governmental funds.		
Deferred outflows - pensions	23,121,978	
Deferred inflows - pensions	(3,709,055)	
Deferred outflows - OPEB	10,621,663	
Deferred inflows - OPEB	(35,298,727)	
Accrued interest	(528,364)	
Deferred charges on refunding	7,939,339	
Premium on long-term debt	(29,208,702)	
Noncurrent debt due in one year	(12,504,502)	
Noncurrent debt due in more than one year	(280,168,280)	
Net pension liability	(55,766,580)	
Net OPEB liability	(22,428,581)	
		(397,929,811)
Net position of governmental activities		$ 66,876,016

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - EXHIBIT C-2
For the year ended August 31, 2024

Data Control Codes		10 General	50 Debt Service	60 Capital Projects	ONMF Nonmajor Governmental Funds	98 Total Governmental Funds
	Revenues					
5700	Local and intermediate sources	$ 73,691,506	$ 31,384,529	$ 7,909,062	$ 4,136,452	$ 117,121,549
5800	State program revenues	67,763,423	3,230,641	-	5,831,647	76,825,711
5900	Federal program revenues	352,823	-	-	11,940,971	12,293,794
5020	Total revenues	141,807,752	34,615,170	7,909,062	21,909,070	206,241,054
	Expenditures					
0011	Instruction	83,883,841	-	696,057	6,328,411	90,908,309
0012	Instructional resources and media services	1,219,734	-	-	-	1,219,734
0013	Curriculum and instructional staff development	1,794,699	-	-	840,137	2,634,836
0021	Instructional leadership	2,192,589	-	-	186,420	2,379,009
0023	School leadership	8,270,967	-	-	-	8,270,967
0031	Guidance, counseling, and evaluation services	5,653,451	-	-	1,347,718	7,001,169
0032	Social work services	-	-	-	86,232	86,232
0033	Health services	1,269,390	-	-	-	1,269,390
0034	Student transportation	8,676,653	-	266,575	63,338	9,006,566
0035	Food service	-	-	-	6,574,401	6,574,401
0036	Extracurricular activities	2,907,993	-	-	1,607,289	4,515,282
0041	General administration	4,657,030	-	319,879	-	4,976,909
0051	Plant maintenance and operations	13,978,236	-	7,456,579	934,999	22,369,814
0052	Security and monitoring services	2,265,725	-	535,543	11,910	2,813,178
0053	Data processing services	3,181,307	-	570,223	-	3,751,530
	Debt service					
0071	Principal	359,295	20,360,000	404,897	-	21,124,192
0072	Interest and fiscal charges	13,146	13,221,160	40,554	-	13,274,860
0073	Other debt service fees	-	3,150	-	-	3,150
0081	Capital outlay	-	-	123,140,666	3,009,387	126,150,053
6030	Total expenditures	140,324,056	33,584,310	133,430,973	20,990,242	328,329,581
1100	Excess (deficiency) of revenues over (under) expenditures	1,483,696	1,030,860	(125,521,911)	918,828	(122,088,527)
	Other financing sources (uses)					
8911	Transfers (out)	(557,384)	-	-	-	(557,384)
7080	Total other financing sources (uses)	(557,384)	-	-	-	(557,384)
1200	Net change in fund balances	926,312	1,030,860	(125,521,911)	918,828	(122,645,911)
0100	Beginning fund balances	33,537,908	11,909,340	192,786,886	2,057,199	240,291,333
3000	Ending fund balances	$ 34,464,220	$ 12,940,200	$ 67,264,975	$ 2,976,027	$ 117,645,422

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - EXHIBIT C-3
For the year ended August 31, 2024

Net change in fund balances - total governmental funds	$ (122,645,911)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Depreciation/amortization	(9,802,091)
Capital outlay	124,645,712
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(45,999)
The issuance of long-term debt (e.g., bonds, leases, SBITAs, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.	
Principal repayments on bonds	20,360,000
Principal repayments on leases	404,897
Principal repayments on SBITAs	359,295
Accrued interest	43,392
Amortization of loss on bond refunding	(555,328)
Amortization of premiums	1,931,695
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. or revenue in governmental funds.	
Change in net pension liability	(4,890,557)
Change in net OPEB liability	2,944,011
Change in deferred outflows - pensions	(1,094,708)
Change in deferred inflows - pensions	(115,690)
Change in deferred outflows - OPEB	(2,179,665)
Change in deferred inflows - OPEB	3,956,046
Net on-behalf contributions adjustment - revenues	16,252,093
Net on-behalf contributions adjustment - expenses	(16,252,093)
Some revenues/expenditures reported in the governmental funds are not recognized as revenues/expenditures in the Statement of Activities.	
Fund level on-behalf adjustment - revenues	(6,865,789)
Fund level on-behalf adjustment - expenses	6,865,789
Internal service funds are used by management to charge the costs of certain activities, such as employee healthcare, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	299,906
Change in Net Position of Governmental Activities	$ 13,615,005

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS - EXHIBIT D-1
For the year ended August 31, 2024

Data Control Codes		Internal Service Funds
	ASSETS	
1110	Cash and cash equivalents	$ 668,676
1260	Due from other funds	193,494
1000	Total assets	862,170
	LIABILITIES	
2110	Accounts payable	371,911
2160	Accrued wages payable	134,542
2170	Due to other funds	16,632
2000	Total liabilities	523,085
	NET POSITION	
3900	Unrestricted	339,085
3000	Total net position	$ 339,085

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS - EXHIBIT D-2
For the year ended August 31, 2024

Data Control Codes		Internal Service Funds
	Operating revenues	
5700	Local and intermediate sources	$ 2,338,687
5800	State program revenues	35,792
5020	Total operating revenues	2,374,479
	Operating expenses	
6100	Payroll costs	1,915,104
6200	Professional and contracted services	229,551
6300	Supplies and materials	422,659
6400	Other operating costs	64,643
6030	Total operating expenses	2,631,957
	Operating (loss)	(257,478)
	Nonoperating revenues	
7915	Transfer in	557,384
8030	Total nonoperating revenues	557,384
1300	Change in net position	299,906
0100	Beginning net position	39,179
3300	Ending net position	$ 339,085

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS - EXHIBIT D-3
For the year ended August 31, 2024

	Internal Service Funds
Cash flows from operating activities	
Cash received from customers	$ 2,338,687
Cash payments to employees for services	(1,898,191)
Cash payments to other suppliers for goods and services	(846,772)
Net cash used by operating activities	(406,276)
Cash flows from noncapital and financing activities	
Transfers in from other funds	557,384
Net cash provided by noncapital and financing activities	557,384
Net increase in cash and cash equivalents	151,108
Beginning cash and cash equivalents	517,568
Ending cash and cash equivalents	$ 668,676
Reconciliation of operating loss to net cash used by operating activities	
Operating loss	$ (257,478)
Decrease in due from other funds	(114,553)
Increase in accounts payable	84,320
Increase in accrued wages	16,919
Derease in due to other funds	(135,484)
Net cash used by operating activities	$ (406,276)

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS - EXHIBIT E-1
For the year ended August 31, 2024

Data Control Codes		Custodial Funds
	ASSETS	
1110	Cash and cash equivalents	$ 289,493
1000	Total assets	289,493
	LIABILITIES	
2110	Accounts payable	57
2000	Total liabilities	57
	NET POSITION	
3800	Unrestricted	289,436
3000	Total net position	$ 289,436

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS - EXHIBIT E-2
For the year ended August 31, 2024

	Custodial Funds
Additions	
Fundraisers	$ 465,884
Dues	169,054
Investment earnings	15,904
Other	55,762
Total additions	706,604
Deductions	
Student groups	272,732
Fees and dues	33,198
Other	477,176
Total deductions	783,106
Change in net position	(76,502)
Beginning net position	365,938
Ending net position	$ 289,436

See Notes to Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Magnolia Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas (the "State"). It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB), and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State governed by a board elected by the public, and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District's financial reporting entity. No other entities have been included in the District's reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Government-Wide Financial Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

Basis of Presentation – Government-Wide Financial Statements: While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental and internal service funds. Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements: The fund financial statements provide information about the District's funds, including its fiduciary fund. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following governmental funds:

General Fund: The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund is always considered a major fund for reporting purposes.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered a major fund.

Special Revenue Funds: The special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes other than debt service or capital projects. The restricted proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance is accounted for in a special revenue fund.

Proprietary Funds: The proprietary fund is used to account for activities that are similar to those often found in the private sector. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguishes operating revenues and expenses from nonoperating items. Operating revenues include charges for services. Operating expenses includes costs of material, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District has the following type of proprietary funds:

Internal Service Funds: These funds are used to account for and report revenue and expenses related to services provided to parties inside the District on a cost reimbursement basis and account for the District's workers' compensation risk management, the Aquatic Club activities, and the after-school programs. 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 governmental-wide financial statements.

Fiduciary Funds: The fiduciary funds account for assets held by the District in a trustee capacity or as a custodian on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District has the following type of fiduciary funds:

Custodial Funds: The custodial funds report resources, not in a trust, that are held by the District for other parties outside of the District. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds, livestock show funds, and special projects donations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for the revenue source (within 60 days of year end). All other revenue items are considered measurable and available only when cash is received by the District.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance:

Cash and Cash Equivalents: The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents. The District uses a consolidated claim on cash to track each participating fund's claim on cash which is net of each fund's current receivable and payables. The general fund's financial statement includes gross receivables and payable for all funds, and the general fund's claim on cash is adjusted accordingly.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the District is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Fully collateralized repurchase agreements that meet certain criteria
Government investment pools and commercial paper

Inventories and Prepaid Items: The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to the future accounting period (prepaid expenditures) are recognized as expenditures when utilized.

Capital Assets: Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Buildings and improvements	10 to 50 years
Vehicles	8 to 10 years
Equipment	5 to 25 years

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.

- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the District's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.

- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount, and payment of principal and interest reported as expenditures. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable, available financial resources.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

Leases: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $15,000 or more.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate, or current cost of borrowing as the discount rate for leases.

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Subscription-Based Information Technology Arrangements: The District has noncancellable subscription-based information technology arrangements (SBITA's) to finance the use of information technology software. The District recognizes a liability (the "subscription liability") and an intangible, right-to-use subscription asset in the government-wide financial statements. The District recognizes a subscription liability with an initial, individual value of at least $5,000 or more.

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using either the implicit rate or the District's incremental borrowing rate if the interest rate is not readily determinable. The subscription liability is reduced by the principal portion of the payments made. The subscription asset is initially measured as the initial amount of the liability, plus payments made before the commencement of the subscription term and capitalizable implementation costs. The subscription asset is reduced for any vendor incentives received. The subscription asset is amortized on a straight-line basis over the subscription term.

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

- The District uses the interest rate charged on the SBITAs as the discount rate. When the interest rate charged on the SBITAs are not provided, the District generally uses its estimated incremental borrowing rate, or current cost of borrowing as the discount rate.

- The term includes the noncancellable period of the SBITA plus options periods, in which one party may exercise, that the District is reasonably certain will be exercised.

- The subscription payments included in the measurement of the subscription liability are composed of fixed or fixed in substance payments and other payments associated with the SBITA that the District is reasonably certain to make based on an assessment of all relevant factors.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

Fund Balance Policies: Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The District's Board is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District's Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Estimates: The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Data Control Codes: The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

Pensions: The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits: The fiduciary net position of the TRS Texas Public School Retired Employees Group Insurance Program ("TRS-Care") 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 OPEB, 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.

Revenues and Expenditures/Expenses:

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

Property Taxes: All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest.

Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

Proprietary Funds Operating and Nonoperating Revenues and Expenses: Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to customers for sales and services. Operating expenses for the internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with GAAP. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets.

In accordance with State law and generally accepted accounting standards, the District prepares an annual budget for the general fund, the national school lunch and breakfast program special revenue fund, and the debt service fund. The District budgets the capital projects fund for each project, which normally covers multiple years. Special revenue funds have budgets approved by the funding agency and are amended throughout the year as required.

During the year, the District amended its budget as required by State law and to reflect current levels of revenue and anticipated expenditures.

Expenditures in Excess of Appropriations: For the year ended August 31, 2024 expenditures exceeded appropriations at the legal level of control in the general fund as follows:

Principal	$359,295
Interest	$13,146
Transfers (out)	$557,384

NOTE 3 - DETAILED NOTES ON ALL FUNDS

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.

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 $16,817,530 and the bank balance was $14,133,799.

Investments: The District is required by Government Code Chapter 2256, the Public Funds Investment Act (the "Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rate 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 certificate of deposits.

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

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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; 2) certificates of deposit; 3) certain municipal securities; 4) securities lending programs; 5) repurchase agreements; 6) bankers' acceptances; 7) mutual funds; 8) investment pools; 9) guaranteed investment contracts; and 10) commercial paper.

As of August 31, 2024, the District had the following investments:

Investment Type	Value	Maturity (Years) Weighted Average
Securities:		
U.S. Government Agency Bonds/Notes	$ 18,700,652	1.20
U.S. Treasury securities	4,772,736	0.97
Investments Pools:		
Texas CLASS	91,662,716	0.10
Lonestar	94,008	0.06
Money Market Accounts	69,771	0.00
Total investments	$ 115,299,883	
Portfolio weighted average maturity		0.31

Interest rate risk – In accordance with its investment policy, the District manages its exposure to declines in fair values by structing the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Custodial credit risk - deposits – In the case of deposits, this is the risk that the District's deposits may not be returned in the event of a bank failure. The District's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of August 31, 2024, fair market values of pledged securities and FDIC coverage exceeded bank balances.

Custodial credit risk - investments – For an investment, this is the risk that the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party in the event of the failure of the counterparty. The District's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

Fair Value Measurements: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

As of August 31, 2024, the District had the following fair value measurements:

Description	Amount	Significant Other Observable Inputs (Level 2)
Investments by Fair Value		
U.S. Government Agency Bonds/Notes:		
Federal Home Loan Bank Bonds/Notes	$ 11,575,201	$ 11,575,201
Federal Farm Credit Bank Bonds	7,125,451	7,125,451
U.S. Treasury securities	4,772,736	4,772,736
Total	$ 23,473,388	$ 23,473,388

U.S. Government Agency bonds and U.S. Treasury securities are classified in Level 2 of the fair value hierarchy and is valued using the market approach.

Lone Star: The Lone Star Investment Pool (“Lone Star”) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards, with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star’s assets. State Street Bank provides custody and valuation services to Lone Star. All of the Board of Trustees’ eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both Lone Star members and nonmembers. Lone Star is rated ‘AAAm’ by Standard and Poor’s and operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The District is invested in the Government Overnight fund of Lone Star which seeks to maintain a net asset value of $1.00. Lone Star has 3 different funds: Government Overnight, Corporate Overnight, and Corporate Overnight Plus. Government Overnight, Corporate Overnight, and Corporate Overnight Plus maintain a net asset value of $1.00.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Texas CLASS: The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at www.texasclass.com.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets: A summary of changes in capital assets for governmental activities at year end is as follows:

	Beginning Balances	Increase	(Decreases)	Ending Balances
Governmental activities				
Capital assets not being depreciated/amortized:				
Land and land improvements	$ 12,600,705	$ 4,605,746	$ -	$ 17,206,451
Construction in progress	25,342,519	111,376,603	-	136,719,122
Total capital assets not being depreciated/amortized	37,943,224	115,982,349	-	153,925,573
Other capital assets:				
Buildings and improvements	263,067,965	6,758,152	-	269,826,117
Furniture and equipment	8,341,303	1,618,379	-	9,959,682
Vehicles	17,243,920	286,832	-	17,530,752
Right-to-use assets	2,464,226	-	-	2,464,226
Right-to-use subscriptions	1,073,021	-	(93,863)	979,158
Total other capital assets	292,190,435	8,663,363	(93,863)	300,759,935
Less accumulated depreciation/amortization for:				
Buildings and improvements	(84,343,576)	(7,004,380)	-	(91,347,956)
Furniture and equipment	(4,334,565)	(856,551)	-	(5,191,116)
Vehicles	(11,683,774)	(1,052,353)	-	(12,736,127)
Right-to-use assets	(456,198)	(391,557)	-	(847,755)
Right-to-use subscriptions	(300,281)	(497,250)	93,863	(703,668)
Total accumulated depreciation/amortization	(101,118,394)	(9,802,091)	93,863	(110,826,622)
Other capital assets, net	191,072,041	(1,138,728)	-	189,933,313
Governmental activities capital assets, net	$ 229,015,265	$ 114,843,621	$ -	343,858,886
			Less associated debt	(321,881,484)
			Plus unspent bond proceeds	67,264,975
			Plus deferred charge on refunding	7,939,339
			Net investment in capital assets	$ 97,181,716

Depreciation is an estimate (output) based on inputs including data, assumptions, and methodologies. During fiscal year 2024 the District elected to change assumptions used for certain assets whereas the estimated salvage value was eliminated. The change in the assumptions are preferrable as they are more consistent with assumptions used by other school districts in Texas and provides for greater comparability to peers. The change in the estimate is accounted for prospectively and results in depreciation and accumulated depreciation increasing by approximately $1.4M in comparison to prior assumptions.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation/amortization was charged to governmental functions as follows:

Data Control Codes		Governmental Activities
11	Instruction	$ 3,946,733
12	Instructional resources/media services	56,573
13	Curriculum and instructional staff development	83,241
21	Instructional leadership	116,557
23	School leadership	388,656
31	Guidance, counseling, and evaluation services	262,215
32	Social work services	4,000
33	Health services	58,876
34	Student (pupil) transportation	1,410,060
35	Food services	545,628
36	Cocurricular/extracurricular activities	165,940
41	General administration	215,999
51	Plant maintenance and operations	1,980,858
52	Security and monitoring services	271,518
53	Data processing services	232,891
61	Community services	62,346
	Total depreciation/amortizatoin expense	$ 9,802,091

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt: The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balances	Additions	(Reductions)	Ending Balances		Amounts Due Within One Year
Governmental activities						
Bonds payable						
Series 2016	$ 6,600,000	$ -	$ (1,030,000)	$ 5,570,000		$ 3,170,000
Series 2017	2,820,000	-	(2,240,000)	580,000		285,000
Series 2020A	63,615,000	-	(485,000)	63,130,000		510,000
Series 2020B	38,580,000	-	(5,525,000)	33,055,000		7,160,000
Series 2023	199,525,000	-	(11,080,000)	188,445,000		595,000
Lease liability	1,916,055	-	(404,897)	1,511,158		413,057
Subscription liability	740,919	-	(359,295)	381,624		371,445
	313,796,974	-	(21,124,192)	292,672,782	*	12,504,502
Other liabilities:						
Unamortized bond premium	31,140,397	-	(1,931,695)	29,208,702	*	-
Net pension liability	50,876,023	4,890,557		55,766,580		-
Net OPEB liability	25,372,592	-	(2,944,011)	22,428,581		-
Total governmental activities	$ 421,185,986	$ 4,890,557	$ (25,999,898)	$ 400,076,645		$ 12,504,502
	Long-term liabilities due in more than one year			$ 387,572,143		
	*Debt associated with capital assets			$ 321,881,484		

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Cash Defeasance: During the fiscal year, the District used available debt service fund cash to partially refund $2,000,000 of outstanding Unlimited Tax School Building Bonds, Series 2023. The District deposited a total of $2,070,444 into an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded debt. As a result, a portion of these debt issuances are considered defeased and the liability for these bonds has been removed from the Statement of Net Position. The defeasance resulted in a net present value savings of $1,783,761.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The annual requirements to amortize debt issues outstanding at year end were as follows:

	Principal	Interest	Total Requirements
2025	$ 11,720,000	$ 12,152,383	$ 23,872,383
2026	11,370,000	11,569,233	22,939,233
2027	12,570,000	11,027,683	23,597,683
2028	13,200,000	10,399,183	23,599,183
2029	13,585,000	10,012,508	23,597,508
2030 - 2034	53,895,000	42,470,354	96,365,354
2035 - 2039	68,310,000	30,467,625	98,777,625
2040 - 2044	62,595,000	16,804,500	79,399,500
2045 - 2047	43,535,000	3,875,600	47,410,600
Total	$ 290,780,000	$ 148,779,069	$ 439,559,069

Leases: As of August 31, 2024, the value of the total lease liability was $1,511,158. The District is required to make monthly principal and interest payments ranging from $310 to $11,735 and one annual lease payment of $183,616. An estimated borrowing rate of 0.69% to 3.31% was used by the District. The value of the right-to-use lease assets as of the end of the current fiscal year was $2,464,226 and had accumulated amortization of $847,755.

The future principal and interest lease payments as of August 31, 2024 were as follows:

	Principal	Interest	Total Requirements
2025	$ 413,057	$ 32,393	$ 445,450
2026	421,412	24,039	445,451
2027	324,169	15,694	339,863
2028	173,958	9,968	183,926
2029	178,562	5,053	183,615
Total	$ 1,511,158	$ 87,147	$ 1,598,305

Subscription-Based Information Technology Arrangement: As of August 31, 2024, the value of the total SBITA liability was $381,624. Annual principal and interest payments for these SBITAs range from 2.18% to 3.24%. The interest rates used to discount these agreements varied based on each individual agreement. The District is required to make annual fixed payments ranging from $4,530 to $151,720. The value of the right-to-use subscription asset as of the end of the current fiscal year was $979,158 and had accumulated amortization of $703,668.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

The future principal and interest SBITA payments as of August 31, 2024 are as follows:

	Principal	Interest	Total Requirements
2025	$ 371,445	$ 10,116	$ 381,561
2026	5,255	228	5,483
2027	4,924	116	5,040
Total	$ 381,624	$ 10,460	$ 392,084

Interfund Transactions: The interfund balances and transfers at August 31, 2024 were as follows:

	Due From Other Funds
General	
Other Nonmajor governmental	$ 2,584,845
Capital projects	22,476
Interal service	16,632
Total General Fund	2,623,953
Capital projects	
General	30,855
Total Other Nonmajor Governmental Funds	30,855
Other Nonmajor governmental	
Capital projects	104,488
General	113,957
Total Capital Projects Funds	218,445
Internal service	
General	193,494
Total Internal Service Funds	193,494
Total	$ 3,066,747

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

(Continued)

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Transfers between funds during the fiscal year were as follows:

Transfers In	Transfers Out	Amount
Internal Service	General	$ 557,384

Amounts recorded as transfers are for contributions to the Workers' Compensation Insurance fund.

NOTE 4 - OTHER INFORMATION

Risk Management: The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District purchases commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

Contingent Liabilities: Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Labilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the District. Although the District does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

Defined Benefit Pension Plan:

Teacher Retirement System

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 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. TRS's Board of Trustees does not have the authority to establish or amend benefit terms.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

All employees of public, state-supported educational institutions in the State 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 TRS.

Pension Plan Fiduciary Net Position: Detailed information about TRS's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about publications.aspx, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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 the State. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost-of-living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan Description above.

Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS's 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 TRS's actuary.

Contributions: Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of TRS 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 through 2025.

	Contribution Rates		
Fiscal Year	State	Public Education Employer	Active Employee
2023	8.00%	1.80%	8.00%
2024	8.25%	1.90%	8.25%
2025	8.25%	2.00%	8.25%

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

	Contribution Rates	
	2023	2024
Member	8.00%	8.25%
NECE (State)	8.00%	8.25%
Employers	8.00%	8.25%

	Measurement Year 2023	Fiscal Year Year 2024
Employer contributions	$ 4,173,127	$ 4,314,721
District contributions	$ 8,109,422	$ 8,601,963
NECE on-behalf contributions	$ 5,187,239	$ 5,794,188

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

As the NECE for public education and junior colleges, the State contributes to TRS 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 schools, junior colleges, other entities, or the State as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

- During a new member's first 90 days of employment.

- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source or from noneducational, and general or local funds.

- When the employing district is a public junior college or junior college district, the employer shall contribute to TRS an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member's salary beginning in the fiscal year 2023, gradually increasing to 2% in fiscal year 2025.

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

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions: The total pension liability (TPL) in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2022 rolled forward to August 31, 2023
Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal bond rate as of August 2023	4.13% - 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."
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95%, including inflation
Benefit changes during the year	None
Ad hoc postemployment benefit changes	None

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

Discount Rate: A single discount rate of 7.00% was used to measure the TPL. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers, and the NECE will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on TRS investments is 7.00%. The long-term expected rate of return on TRS investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Best estimates of geometric real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2023 are summarized below:

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return
As of August 31, 2023

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

* Absolute Return includes Credit Sensitive Investments.
(1) Target allocations are based on the FY2023 policy model.
(2) Capital market assumptions come from Aon Hewitt (as of 6/30/2023).
(3) The volatility drag results from the conversation between arithmetic and geometric mean returns.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Discount Rate Sensitivity Analysis: The following table presents the net pension liability (NPL) of TRS using the discount rate of 7%, and what the NPL would be if it was calculated using a discount rate that is 1% point lower (6%) or 1% point higher (8%) than the current rate:

	1% Decrease in Discount Rate (6%)	Current Discount Rate (7%)	1% Increase in Discount Rate (8%)
District's proportionate share of the net pension liability	$ 83,374,125	$ 55,766,580	$ 32,810,891

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At August 31, 2024, the District reported a liability of $55,766,580 for its proportionate share of the TRS's NPL. 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 NPL, the related State support, and the total portion of the NPL that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 55,766,580
State's proportionate share that is associated with the District	69,318,425
Total	$ 125,085,005

The NPL was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the TPL used to calculate the NPL was determined by an actuarial valuation as of that date. The District's proportion of the NPL was based on the District's contributions to TRS relative to the contributions of all employers to TRS for the period September 1, 2022 through August 31, 2023.

At the measurement year ended August 31, 2023, the District's proportion of the collective NPL was 0.0811855%, which was a decrease of 0.0045114% from its proportion measured as of August 31, 2022.

Changes Since the Prior Actuarial Valuation: The actuarial assumptions and methods are the same as used in the determination of the prior year's NPL.

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

The amount of pension expense recognized by the District for the reporting period was $10,310,070.

For the year ended August 31, 2024, the District recognized pension expense of $10,466,482 and revenue of $10,466,482 for support provided by the State.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

At the measurement year ended August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 1,986,982	$ (675,272)
Changes in actuarial assumptions	5,274,426	(1,290,772)
Difference between projected and actual investment earnings	8,115,391	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,430,458	(1,743,011)
Contributions paid to TRS subsequent to the measurement date	4,314,721	-
	$ 23,121,978	$ (3,709,055)

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:

Fiscal Year Ended August 31	Pension Expense
2025	$ 3,471,202
2026	2,293,976
2027	7,297,045
2028	2,073,053
2029	(37,074)
Total	$ 15,098,202

Defined Other Postemployment Benefits Plan:

Plan Description: The District participates in TRS-Care. It is a multiple-employer, cost-sharing defined OPEB plan with a special funding situation. TRS-Care was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position: Detailed information about the TRS-Care fiduciary net position is available in a separately issued TRS Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. That report may be obtained on the Internet at http://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Components of the net OPEB liability of TRS-Care as of August 31, 2023 are as follows:

Total OPEB liability	$ 26,028,070,267
Less: plan fiduciary net position	(3,889,765,203)
Net OPEB Liability	$ 22,138,305,064
Net position as a percentage of total OPEB liability	14.94%

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 TRS. 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 postemployment benefit changes, including automatic COLAs.

The schedule below shows the monthly rates for a retiree with and without Medicare coverage:

TRS-Care Plan Premium Rates

	Medicare	Non-Medicare
Retiree	$ 135	$ 200
Retiree and spouse	$ 529	$ 689
Retiree and children	$ 468	$ 408
Retiree and family	$ 1,020	$ 999

Contributions: Contribution rates for TRS-Care are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. TRS-Care 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 employer based upon active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the GAA, which is 0.75% of each active employee's pay for fiscal year 2023.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

The following table shows contributions to TRS-Care by type of contributor:

	Contribution Rates	
	2023	2024
Active employee	0.65%	0.65%
NECE (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

	Measurement Year 2023	Fiscal Year Year 2024
District contributions	$ 878,849	$ 874,077
Member contributions	$ 281,106	$ 338,865
NECE on-behalf contributions	$ 1,060,466	$ 1,303,328

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

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

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

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

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

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

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Additional actuarial methods and assumptions are as follows:

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 healthcare benefits are included in the age-adjusted claims costs.
Projected salary increases	2.95% to 8.95%, including inflation
Healthcare trend rates	Medical trend rates: 7.75% (Medicare retirees) and 7.00% (non-Medicare retirees) Prescription drug trend rate: 7.75%. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.
Election rates	Normal retirement: 62% participation prior to age 65 and 25% participation after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc postemployment benefit changes	None

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

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

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

Sensitivity of the Net OPEB Liability: Discount Rate Sensitivity Analysis – The following schedule shows the impact of the OPEB liability if the discount rate used was 1% point lower than and 1% 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 net OPEB liability	$ 26,416,198	$ 22,428,581	$ 19,174,591

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Healthcare Cost Trend Rates Sensitivity Analysis – The following presents the net OPEB liability of TRS-Care using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
District's proportionate share of the net OPEB liability	$ 18,468,814	$ 22,428,581	$ 27,522,834

OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

At August 31, 2024, the District reported a liability of $22,428,581 for its proportionate share of TRS-Care'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	$ 22,428,581
State's proportionate share that is associated with the District	27,063,530
Total	$ 49,492,111

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 TRS-Care relative to the contributions of all employers to TRS-Care for the period September 1, 2022 through August 31, 2023.

At August 31 2023, the District's proportion of the collective net OPEB liability was 0.1013112%, which was a decrease of 0.0046552% as of August 31, 2022.

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

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

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 a credit balance of $3,830,653.

For the year ended August 31, 2024, the District recognized OPEB expense of $5,785,611 and revenue of $5,785,611 for support provided by the State.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 1,014,723	$ (18,869,402)
Changes in actuarial assumptions	3,061,338	(13,733,615)
Difference between projected and actual investment earnings	9,690	-
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	5,661,835	(2,695,710)
Contributions paid to TRS subsequent to the measurement date	874,077	-
	$ 10,621,663	$ (35,298,727)

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:

Fiscal Year Ended August 31	Expense Amount
2025	$ (5,697,473)
2026	(4,668,776)
2027	(3,276,100)
2028	(3,723,913)
2029	(3,007,333)
Thereafter	(5,177,546)
Total	$ (25,551,141)

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 TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2024, 2023, and 2022, the subsidy payments received by TRS-Care on behalf of the District were $559,678, $550,185, and $404,110 respectively.

Employee Health Care Coverage: During the year ended August 31, 2024, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of $350 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the insurer is renewable September 1, 2024 and terms of coverage and premiums costs are included in the contractual provisions.

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Workers' Compensation: During the year ended August 31, 2024, employees of the District were covered by a workers' compensation plan (the "Plan"). The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreements. The contract between the District and the third-party administrator, Creative Risk Funding (CRF), acting on behalf of the self-funded pool, is renewable on September 1 and terms, as well as costs of coverage, are included in the contractual provisions.

In accordance with State statutes, the District was protected against unanticipated catastrophic individual or aggregate loss by reinsurance coverage carried through Safety National Casualty Corporation, a commercial insurer licensed or eligible to do business in the State of Texas in accordance with the Texas Insurance Code. The specific retention is $350,000 and the aggregate limit is $1,000,000. The aggregate stop-loss coverage is $11,455,688. According to CRF, the unfunded claim benefit obligation included $199,232 in claims that were unpaid and $166,637 in estimated claims incurred, but not reported. Other school districts contributed to the self-funded pool which was operated under the contractual provisions of Article 4413(32c), Interlocal Cooperation Act. The claim liability is based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims which have been incurred but not reported based on historical experience.

Changes in the claims liability for workers' compensation benefits for the current and prior fiscal year are summarized below.

	2024	2023
Claims liability at beginning of year	$ 287,114	$ 208,174
Current year claims and estimated changes	211,820	166,637
Claim payments	(133,065)	(87,697)
Claim liability, End of Year	$ 365,869	$ 287,114

Unemployment Compensation: During the year ended August 31, 2024, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended August 31, 2024, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

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

(Continued)

NOTE 4 - OTHER INFORMATION (Continued)

Shared Services Arrangement

The District participates in a shared services arrangement for the disability condition of auditory impairment under authority of Section 29.007 of the Texas Education Code and Section 791.001 et seq., of the Texas Government Code as Conroe Regional Day School Program for the Deaf. The District has neither a joint ownership interest in fixed assets purchased by the fiscal agent, Conroe Regional Day School for the Deaf, 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.

REQUIRED SUPPLEMENTARY INFORMATION

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - EX HIBIT G-1
For the year ended August 31, 2024

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
	Revenues				
5700	Local and intermediate sources	$ 74,809,908	$ 73,652,842	$ 73,691,506	$ 38,664
5800	State program revenues	55,875,306	66,411,198	67,763,423	1,352,225
5900	Federal program revenues	3,500,000	344,539	352,823	8,284
5020	Total Revenues	134,185,214	140,408,579	141,807,752	1,399,173
	Expenditures				
	Current				
0011	Instruction	80,669,880	83,902,860	83,883,841	19,019
0012	Instructional resources and media services	1,096,982	1,223,149	1,219,734	3,415
0013	Curriculum/instructional staff development	1,453,685	1,823,669	1,794,699	28,970
0021	Instructional leadership	2,640,883	2,351,558	2,192,589	158,969
0023	School leadership	8,091,637	8,274,901	8,270,967	3,934
0031	Guidance, counseling, and evaluation service	5,658,535	5,658,535	5,653,451	5,084
0033	Health services	1,246,533	1,271,533	1,269,390	2,143
0034	Student (pupil) transportation	7,742,493	8,678,826	8,676,653	2,173
0036	Extracurricular activities	2,782,677	2,922,824	2,907,993	14,831
0041	General administration	4,420,764	4,658,453	4,657,030	1,423
0051	Plant maintenance and operations	12,993,699	13,980,485	13,978,236	2,249
0052	Security and monitoring services	1,729,766	2,265,936	2,265,725	211
0053	Data processing services	3,395,850	3,395,850	3,181,307	214,543
	Debt service:				
0071	Principal	261,830	-	359,295	(359,295) *
0072	Interest	-	-	13,146	(13,146) *
6030	Total expenditures	134,185,214	140,408,579	140,324,056	84,523
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	1,483,696	1,483,696
	Other financing sources (uses)				
8911	Transfers (out)	-	-	(557,384)	(557,384) *
7080	Total other financing sources	-	-	(557,384)	(557,384)
1200	Net Change in Fund Balance	-	-	926,312	926,312
0100	Beginning fund balance	33,537,908	33,537,908	33,537,908	-
3000	Ending Fund Balance	$ 33,537,908	$ 33,537,908	$ 34,464,220	$ 926,312

Notes to Required Supplementary Information:
1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Actual expenditures exceed the legal level of control.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-2
For the year ended August 31, 2024

	Measurement Year*								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0811855%	0.0856969%	0.0804187%	0.0734984%	0.0733636%	0.0707019%	0.0720633%	0.0674318%	0.0644642%
District's proportionate share of the net pension liability (asset)	$ 55,766,580	$ 50,876,023	$ 20,479,787	$ 39,364,320	$ 38,136,687	$ 38,916,039	$ 23,041,967	$ 25,481,474	$ 22,787,237
State's proportionate share of the net pension liability (asset) associated with the District	69,318,425	61,056,674	27,602,937	59,526,550	54,804,632	61,112,056	36,779,755	44,165,685	41,556,031
Total	$ 125,085,005	$ 111,932,697	$ 48,082,724	$ 98,890,870	$ 92,941,319	$ 100,028,095	$ 59,821,722	$ 69,647,159	$ 64,343,268
District's covered payroll**	$ 101,367,777	$ 96,660,338	$ 92,023,023	$ 87,835,525	$ 79,619,555	$ 75,558,224	$ 75,894,006	$ 71,854,210	$ 66,661,323
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	55.01%	52.63%	22.26%	44.82%	47.90%	48.44%	30.36%	35.46%	34.18%
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%

*Only nine years' worth of information is currently available.
** As of measurement date

Notes to Required Supplementary Information:
1. *Changes in Assumptions:* There were no changes in the discount rate in the current year.
2. *Changes in Benefits:* There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS (TRS) - EXHIBIT G-3
For the year ended August 31, 2024

	Fiscal Year*								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 4,314,721	$ 4,173,127	$ 3,516,306	$ 3,788,312	$ 2,999,087	$ 2,396,759	$ 2,278,252	$ 2,345,519	$ 2,142,479
Contributions in relation to the contractually required contribution	4,314,721	4,173,127	3,516,306	3,788,312	2,999,087	2,396,759	2,278,252	2,345,519	2,142,479
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 104,266,216	$ 101,367,777	$ 96,660,388	$ 92,023,023	$ 87,835,525	$ 79,619,555	$ 75,558,224	$ 75,894,006	$ 71,854,210
Contributions as a percentage of covered payroll	4.14%	4.12%	3.64%	4.12%	3.41%	3.01%	3.02%	3.09%	2.98%

*Only nine years' worth of information is currently available.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE) EXHIBIT G-4
For the year ended August 31, 2024

	Measurement Year*						
	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net OPEB liability (asset)	0.1013112%	0.1059664%	0.1011420%	0.0967427%	0.0923449%	0.0937564%	0.0935182%
District's proportionate share of the collective net OPEB liability (asset)	$ 22,428,581	$ 25,372,592	$ 39,015,003	$ 36,776,263	$ 43,671,023	$ 46,813,418	$ 40,667,543
State's proportionate share of the collective net OPEB liability (asset) associated with the District	27,063,530	30,950,575	52,271,409	49,418,482	58,029,021	66,781,605	60,509,092
Total	$ 49,492,111	$ 56,323,167	$ 91,286,412	$ 86,194,745	$ 101,700,044	$ 113,595,023	$ 101,176,635
District's covered payroll**	$ 101,367,777	$ 96,660,388	$ 92,023,023	$ 87,835,525	$ 79,619,555	$ 75,558,224	$ 75,894,006
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	22.13%	26.25%	42.40%	41.87%	54.85%	61.69%	53.58%
Plan fiduciary net position as a percentage of the total OPEB							

* Only seven years' worth of information is currently available.
** As of measurement date

Notes to Required Supplementary Information:
1. *Changes in Assumptions*: The discount rate was changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.
2. *Changes in Benefits*: There were no changes of benefit terms since the prior measurement date.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM (TRS-CARE) EXHIBIT G-5
For the year ended August 31, 2024

	Fiscal Year*						
	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 874,077	$ 878,849	$ 819,857	$ 714,215	$ 725,548	$ 624,566	$ 575,237
Contributions in relation to the statutorily required contributions	874,077	878,849	819,857	714,215	725,548	624,566	575,237
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 104,266,216	$ 101,367,777	$ 96,660,338	$ 92,023,023	$ 87,835,525	$ 79,619,555	$ 75,558,224
Contributions as a percentage of covered payroll	0.84%	0.87%	0.85%	0.78%	0.83%	0.78%	0.76%

* Only seven years' worth of information is currently available.

OTHER SUPPLEMENTARY INFORMATION

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1
August 31, 2024

Data Control Codes		211 ESEA Title I, Part A	224 IDEA-B Formula	225 IDEA-B Preschool	226 IDEA-B Discretionary	240 National School Breakfast/ Lunch Program	244 Career and Technology Basic Grant	255 ESEA Title II, Part A
	ASSETS							
1110	Cash and cash equivalents	$ 4,245	$ 286,880	$ 4	$ -	$ 1,389,683	$ 61	$ 269
1240	Due from other governments	196,257	639,073	801	-	401,610	3,039	48,072
1260	Due from other funds	-	-	-	-	113,957	-	-
1000	Total Assets	$ 200,502	$ 925,953	$ 805	$ -	$ 1,905,250	$ 3,100	$ 48,341
	LIABILITIES							
2110	Accounts payable	$ 202	$ -	$ -	$ -	$ -	$ -	$ -
2160	Accrued wages payable	70,300	110,953	-	-	142,741	-	21,841
2170	Due to other funds	130,000	815,000	805	-	8,979	3,100	26,500
2300	Unearned revenue	-	-	-	-	160,609	-	-
2000	Total Liabilities	200,502	925,953	805	-	312,329	3,100	48,341
	FUND BALANCES							
	Restricted							
3450	Federal/state fund grant restrictions	-	-	-	-	1,592,921	-	-
3490	Other restrictions of fund balance	-	-	-	-	-	-	-
3000	Total Fund Balances	-	-	-	-	1,592,921	-	-
4000	Total liabilities and fund balances	$ 200,502	$ 925,953	$ 805	$ -	$ 1,905,250	$ 3,100	$ 48,341

(Continued)

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1
August 31, 2024

Data Control Codes		263 Title III, Part A English Language	280 Homeless ARP	289 Summer School LEP	385 State Supplemented Visually Impaired	397 Advanced Placement Incentives	410 School Textbook	429 State Funded
	ASSETS							
1110	Cash and cash equivalents	$ 6,278	$ -	$ 350	$ -	$ -	$ 1,496	$ 1,738
1240	Due from other governments	32,472	-	37,563	-	-	744,396	710,096
1260	Due from other funds	-	-	-	-	-	104,488	-
1000	Total Assets	$ 38,750	$ -	$ 37,913	$ -	$ -	$ 850,380	$ 711,834
	LIABILITIES							
2110	Accounts payable	$ -	$ -	$ 3,713	$ -	$ -	$ -	$ -
2160	Accrued wages payable	18,750	-	-	-	-	-	202
2170	Due to other funds	20,000	-	34,200	-	-	840,000	706,000
2300	Unearned revenue	-	-	-	-	-	-	-
2000	Total Liabilities	38,750	-	37,913	-	-	840,000	706,202
	FUND BALANCES							
	Restricted							
3450	Federal/state fund grant restrictions	-	-	-	-	-	10,380	5,632
3490	Other restrictions of fund balance	-	-	-	-	-	-	-
3000	Total Fund Balances	-	-	-	-	-	10,380	5,632
4000	Total liabilities and fund balances	$ 38,750	$ -	$ 37,913	$ -	$ -	$ 850,380	$ 711,834

(Continued)

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-1
August 31, 2024

Data Control Codes		461 Campus Activity	Total Nonmajor Governmental Funds
	ASSETS		
1110	Cash and cash equivalents	$ 1,370,662	$ 3,061,666
1240	Due from other governments	-	2,813,379
1260	Due from other funds	-	218,445
1000	Total Assets	$ 1,370,662	$ 6,093,490
	LIABILITIES		
2110	Accounts payable	$ 3,307	$ 7,222
2160	Accrued wages payable	-	364,787
2170	Due to other funds	261	2,584,845
2300	Unearned revenue	-	160,609
2000	Total Liabilities	3,568	3,117,463
	FUND BALANCES		
	Restricted		
3450	Federal/state fund grant restrictions	-	1,608,933
3490	Other restrictions of fund balance	1,367,094	1,367,094
3000	Total Fund Balances	1,367,094	2,976,027
4000	Total liabilities and fund balances	$ 1,370,662	$ 6,093,490

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2
For the year ended August 31, 2024

Data Control Codes		211 ESEA Title I, Part A	224 IDEA-B Formula	225 IDEA-B Preschool	226 IDEA-B Discretionary	240 National School Breakfast/ Lunch Program	244 Career and Technology Basic Grant	255 ESEA Title II, Part A
	Revenues							
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -	$ 2,360,251	$ -	$ -
5800	State program revenues	-	-	-	-	144,141	-	-
5900	Federal program revenues	2,407,018	2,647,335	28,831	4,249	5,658,832	162,818	448,256
5020	Total Revenues	2,407,018	2,647,335	28,831	4,249	8,163,224	162,818	448,256
	Expenditures							
	Current							
0011	Instruction	2,370,526	771,042	28,831	4,249	-	162,818	34,426
0013	Curriculum/instructional staff development	36,492	389,815	-	-	-	-	413,830
0021	Instructional leadership	-	150,601	-	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	1,335,877	-	-	-	-	-
0032	Social work services	-	-	-	-	-	-	-
0034	Student transportation	-	-	-	-	-	-	-
0035	Food service	-	-	-	-	6,574,401	-	-
0036	Extracurricular activities	-	-	-	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-	934,999	-	-
0052	Security and monitoring services	-	-	-	-	-	-	-
	Capital outlay							
0081	Facilities acquisition and construction	-	-	-	-	-	-	-
6030	Total expenditures	2,407,018	2,647,335	28,831	4,249	7,509,400	162,818	448,256
1200	Net Change in Fund Balances	-	-	-	-	653,824	-	-
0100	Beginning fund balances	-	-	-	-	939,097	-	-
3000	Ending Fund Balances	$ -	$ -	$ -	$ -	$ 1,592,921	$ -	$ -

(Continued)

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2
For the year ended August 31, 2024

Data Control Codes		263 Title III, Part A English Language	280 Homeless ARP	289 Summer School LEP	385 State Supplemented Visually Impaired	397 Advanced Placement Incentives	410 School Textbook	429 State Funded
	Revenues							
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	9,435	3,352	2,522,821	3,151,898
5900	Federal program revenues	290,238	63,353	230,041	-	-	-	-
5020	Total Revenues	290,238	63,353	230,041	9,435	3,352	2,522,821	3,151,898
	Expenditures							
	Current							
0011	Instruction	290,238	15	130,461	9,435	6,323	2,391,751	96,289
0013	Curriculum/instructional staff development	-	-	-	-	-	-	-
0021	Instructional leadership	-	-	1,507	-	-	-	34,312
0031	Guidance, counseling, and evaluation services	-	-	11,841	-	-	-	-
0032	Social work services	-	-	86,232	-	-	-	-
0034	Student transportation	-	63,338	-	-	-	-	-
0035	Food service	-	-	-	-	-	-	-
0036	Extracurricular activities	-	-	-	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	-	-	11,910
	Capital outlay							
0081	Facilities acquisition and construction	-	-	-	-	-	-	3,009,387
	Intergovernmental							
0093	Payments related to shared service arrangements							
0099	Other intergovernmental charges							
6030	Total expenditures	290,238	63,353	230,041	9,435	6,323	2,391,751	3,151,898
1200	Net Change in Fund Balances	-	-	-	-	(2,971)	131,070	-
0100	Beginning fund balances	-	-	-	-	2,971	(120,690)	5,632
3000	Ending Fund Balances	$ -	$ -	$ -	$ -	$ -	$ 10,380	$ 5,632

(Continued)

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - EXHIBIT H-2
For the year ended August 31, 2024

Data Control Codes		461 Campus Activity	Total Nonmajor Governmental Funds
	Revenues		
5700	Local, intermediate, and out-of-state	$ 1,776,201	$ 4,136,452
5800	State program revenues	-	5,831,647
5900	Federal program revenues	-	11,940,971
5020	Total Revenues	1,776,201	21,909,070
	Expenditures		
	Current		
0011	Instruction	32,007	6,328,411
0013	Curriculum/instructional staff development	-	840,137
0021	Instructional leadership	-	186,420
0031	Guidance, counseling, andnevaluation services	-	1,347,718
0032	Social work services	-	86,232
0034	Student transportation	-	63,338
0035	Food service	-	6,574,401
0036	Extracurricular activities	1,607,289	1,607,289
0051	Plant maintenance and operations	-	934,999
0052	Security and monitoring services	-	11,910
	Capital outlay		
0081	Facilities acquisition and construction	-	3,009,387
6030	Total expenditures	1,639,296	20,990,242
1200	Net Change in Fund Balances	136,905	918,828
0100	Beginning fund balances	1,230,189	2,057,199
3000	Ending Fund Balances	$ 1,367,094	$ 2,976,027

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
NONMAJOR INTERNAL SERVICE FUNDS - EXHIBIT H-3
August 31, 2024

Data Control Codes		748 After-School Programs	798 Aquatic Club	879 Workers' Compensation Insurance	Total Internal Service Funds
	ASSETS				
1110	Cash and cash equivalents	$ 225,607	$ 234,716	$ 208,353	$ 668,676
1260	Due from other funds	35,792	-	157,702	193,494
1000	Total assets	261,399	234,716	366,055	862,170
	LIABILITIES				
2110	Accounts payable	3,359	2,683	365,869	371,911
2160	Accrued wages payable	118,994	15,548	-	134,542
2170	Due to other funds	16,275	357	-	16,632
2000	Total liabilities	138,628	18,588	365,869	523,085
	NET POSITION				
3900	Unrestricted	122,771	216,128	186	339,085
3000	Total net position	$ 122,771	$ 216,128	$ 186	$ 339,085

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR INTERNAL SERVICE FUNDS - EXHIBIT H-4
For the year ended August 31, 2024

Data Control Codes		748 After-School Programs	798 Aquatic Club	879 Workers' Compensation Insurance	Total Internal Service Funds
	Operating revenues				
5700	Local and intermediate sources	$ 1,608,197	$ 730,304	$ 186	$ 2,338,687
5800	State program revenues	35,792	-	-	35,792
5020	Total operating revenues	1,643,989	730,304	186	2,374,479
	Operating expenses				
6100	Payroll costs	965,593	392,127	557,384	1,915,104
6200	Professional and contracted services	214,658	14,893	-	229,551
6300	Supplies and materials	258,775	163,884	-	422,659
6400	Other operating costs	41,189	23,454	-	64,643
6030	Total operating expenses	1,480,215	594,358	557,384	2,631,957
1100	Operating income	163,774	135,946	(557,198)	(257,478)
	Other financing sources				
7915	Transfer in	-	-	557,384	557,384
8030	Total other financing sources	-	-	557,384	557,384
1300	Change in net position	163,774	135,946	186	299,906
0100	Beginning net position	(41,003)	80,182	-	39,179
3300	Ending net position	$ 122,771	$ 216,128	$ 186	$ 339,085

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS - EXHIBIT H-5
For the year ended August 31, 2024

	748 After-School Programs	798 Aquatic Club	879 Workers' Compensation Insurance	Total Internal Service Funds
Cash flows from operating activities				
Cash received from charges	$ 1,608,197	$ 730,304	$ 186	$ 2,338,687
Cash payments to employees for services	(951,889)	(388,912)	(557,390)	(1,898,191)
Cash payments to other suppliers for goods and services	(646,678)	(200,094)	-	(846,772)
Net cash provided (used) by operating activities	9,630	141,298	(557,204)	(406,276)
Cash flows from noncapital and financing activities				
Transfers to/from other funds	-	-	557,384	557,384
Net cash provided by noncapital and financing activities	-	-	557,384	557,384
Net increase (decrease) in cash and cash equivalents	9,630	141,298	180	151,108
Beginning cash and cash equivalents	215,977	93,418	208,173	517,568
Ending cash and cash equivalents	$ 225,607	$ 234,716	$ 208,353	$ 668,676
Reconciliation of operating income (loss) to net net provided (used) by operating activities				
Operating income (loss)	$ 163,774	$ 135,946	$ (557,198)	$ (257,478)
(Increase) decrease in due from other funds	(35,792)	-	(78,761)	(114,553)
Increase (decrease) in accounts payable	3,359	2,206	78,755	84,320
Increase (decrease) in accrued wages	13,704	3,215	-	16,919
Increase (decrease) in due to other funds	(135,415)	(69)	-	(135,484)
Net cash provided (used) by operating activities	$ 9,630	$ 141,298	$ (557,204)	$ (406,276)

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT H-6
For the year ended August 31, 2024

Data Control Codes		865 Student Activity	888 Donations for Projects	899 Magnolia Livestock Show	Total Custodial Funds
	ASSETS				
1110	Cash and cash equivalents	$ 208,834	$ 20,313	$ 60,346	$ 289,493
1000	Total assets	208,834	20,313	60,346	289,493
	LIABILITIES				
2110	Accounts payable	-	-	57	57
2000	Total liabilities	-	-	57	57
	NET POSITION				
3900	Unrestricted	208,834	20,313	60,289	289,436
3000	Total net position	$ 208,834	$ 20,313	$ 60,289	$ 289,436

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - EXHIBIT H-7
For the year ended August 31, 2024

	865 Student Activity	888 Donations for Projects	899 Magnolia Livestock Show	Total Custodial Funds
Additions				
Fundraisers	$ 101,422	$ -	$ 364,462	$ 465,884
Dues	90,590	-	78,464	169,054
Investment earnings	15,904	-	-	15,904
Other	-	51,662	4,100	55,762
Total additions	207,916	51,662	447,026	706,604
Deductions				
Student groups	272,732	-	-	272,732
Fees and dues	33,198	-	-	33,198
Other	-	36,095	441,081	477,176
Total deductions	305,930	36,095	441,081	783,106
Change in net position	(98,014)	15,567	5,945	(76,502)
Beginning net position	306,848	4,746	54,344	365,938
Total net position	$ 208,834	$ 20,313	$ 60,289	$ 289,436

See Notes to Financial Statements.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE - EXHIBIT J-1
For the year ended August 31, 2024

	1	2	3	10	20	31	32	40	50
	Tax Rates		Net Assessed/ Appraised Value For School	Beginning Balance	Current Year's	Maintenance Total	Debt Service Total	Entire Year's	Ending Balance
Last Ten Years	Maintenance	Debt Services	Tax Purposes	09/01/23	Total Levy	Collected	Collected	Adjustments	08/31/24
2015 and prior	Various	Various	Various	$ 342,560	$ -	$ 35,925	$ 9,008	$ (36,714)	$ 260,913
2016	$ 1.3795	$ 0.3195	$ 5,136,608,436	71,973	-	8,876	2,056	173	61,214
2017	1.0600	0.3192	5,656,561,487	90,618	-	11,046	3,329	(13)	76,230
2018	1.0400	0.3395	6,002,349,971	145,859	-	12,997	4,243	(1,457)	127,162
2019	1.1400	0.2395	6,483,797,056	155,205	-	27,666	5,812	(3,427)	118,300
2020	0.9700	0.3395	7,194,618,479	227,482	-	40,395	14,138	(7,084)	165,865
2021	0.9349	0.3395	7,746,650,772	343,313	-	165,439	60,078	141,341	259,137
2022	0.8777	0.3095	8,235,025,142	541,901	-	154,047	54,321	41,569	375,102
2023	0.8546	0.2926	10,482,017,979	1,485,485	-	276,493	94,666	(459,518)	654,808
2024	0.6712	0.2926	10,216,665,999	-	98,429,989	67,746,205	29,532,985	38,238	1,189,037
1000 Totals				$ 3,404,396	$ 98,429,989	$ 68,479,089	$ 29,780,636	$ (286,892)	$ 3,287,768
8000 Taxes refunded						$ 151,945			
9000 Tax increment						$ -			

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM - EXHIBIT J-2
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	$ 2,216,522	$ 2,216,522	$ 2,360,251	$ 143,729
5800	State program revenues	38,963	38,963	144,141	105,178
5900	Federal program revenues	5,302,767	5,302,767	5,658,832	356,065
5020	Total Revenues	7,558,252	7,558,252	8,163,224	604,972
	Expenditures				
0035	Food services	6,623,272	6,623,272	6,574,401	48,871
0051	Plant maintenance and operations	935,000	935,000	934,999	1
6030	Total expenditures	7,558,272	7,558,272	7,509,400	48,872
1100	(Deficiency) of revenues				
1100	(under) expenditures	(20)	(20)	653,824	653,844
	Other financing sources (uses)				
8911	Transfers out	-	-	-	-
7080	Total other financing (uses)	-	-	-	-
1200	Net Change in Fund Balance	(20)	(20)	653,824	556,100
0100	Beginning fund balance	939,097	939,097	939,097	-
3000	Ending Fund Balance	$ 939,077	$ 939,077	$ 1,592,921	$ 556,100

Notes to Required Supplementary Information:
1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND - EXHIBIT J-3
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	$ 31,601,532	$ 31,601,532	$ 31,384,529	$ (217,003)
5800	State program revenues	1,650,476	2,000,476	3,230,641	1,230,165
5020	Total Revenues	33,252,008	33,602,008	34,615,170	1,013,162
	Expenditures				
0071	Principal	20,071,623	18,360,000	20,360,000	(2,000,000)
0072	Interest	13,150,385	15,221,160	13,221,160	2,000,000
0073	Bond issuance costs and fees	30,000	30,000	3,150	26,850
6030	Total expenditures	33,252,008	33,611,160	33,584,310	26,850
1200	Net Change in Fund Balance	-	(9,152)	1,030,860	1,040,012
0100	Beginning fund balance	11,909,340	11,909,340	11,909,340	-
3000	Ending Fund Balance	$ 11,909,340	$ 11,900,188	$ 12,940,200	$ 1,040,012

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT
FOR SELECT STATE ALLOTMENT PROGRAMS - EXHIBIT J-4
For the year ended August 31, 2024

Data Control Codes		Responses
	Section A: Compensatory Education Programs	
AP1	Did the District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$10,111,728
AP4	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$5,873,056
	Section B: Bilingual Education Programs	
AP5	Did the District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	$1,743,361
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	$1,711,430

FEDERAL AWARDS AND COMPLIANCE SECTION

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, major fund, and the aggregate remaining fund information of Magnolia Independent School District (the "District") as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January XX, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

(Continued)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Houston, Texas
January XX, 2025

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

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

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended August 31, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of major federal program as a whole.

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

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

(Continued)

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

Crowe LLP

Houston, Texas
January XX, 2025

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None to report.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of audit report issued on compliance for major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulation (CFR) Part 200.516(a)?	No

Identification of major program:

Assistance Listing (AL) Number(s)	Name of Federal Program or Cluster
84.010A	Title I, Part A

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualify as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None identified.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None identified.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - EXHIBIT K-1
For the year ended August 31, 2024

(1) Federal Grantor/Pass-Through Grantor/Program Title	(2) Federal AL Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
Title I, Part A	84.010A	24610101170906	$ 2,361,411
Title I, Part A	84.010A	25610101170906	45,607
Career and Technical, Basic Grant	84.048A	23420006170906	162,727
Career and Technical, Basic Grant	84.048A	24420006170906	91
Title II, Part A, Supporting Effective Instruction	84.367A	24694501170906	440,837
Title II, Part A, Supporting Effective Instruction	84.367A	25694501170906	7,419
Title III, English Language Acquisition State Grants	84.365A	24671001170906	238,315
Title III, English Language Acquisition State Grants	84.365A	25671001170906	23,945
Title III, Immigrant	84.365A	24671003170906	27,978
Title IV, Part A	84.424A	24680101170906	186,425
Title IV, Part A	84.424A	25680101170906	6,943
LEP Summer School	84.369A	69552302	10,286
COVID 19- ESSER, Homeless II	84.425W	21533002170906	63,353
Special Education Cluster:			
IDEA B, Formula Grant*	84.027A	246600011709066600	2,359,055
IDEA B, Formula Grant*	84.027A	256600011709066600	288,280
IDEA B, Highcost*	84.027A	66002406	4,249
IDEA B, Preschool*	84.173A	246610011709066610	28,831
Passed Through Education Service Center, Region 10			
Special Education Cluster:			
Contracted Services Capacity Grant	84.027A	236600497110001	36,673
Total Special Education Cluster			2,717,088
Total U.S. Department of Education			6,292,425
U.S. DEPARTMENT OF AGRICULTURE			
Pass-Through State Department of Education			
Child Nutrtion Cluster:			
School Breakfast Program*	10.553	806780706	999,240
National School Lunch Program*	10.555	806780706	3,446,863
Passed Through State Department of Agriculture			
Child Nutrtion Cluster:			
Reduced Price School Breakfast*	10.553	806780706	9,712
Supply Chain Assistance	10.555	806780706	634,847
Total Child Nutrtion Cluster			5,090,662
State Administrative Expenses	10.560	246TX355N8103	44,822
Local Food for Schools Cooperative	10.185	AM23CPLFS000C003	18,596
Direct Award			
USDA Commodities	10.565A	N/A	504,752
Total U.S. Department of Agriculture			5,658,832
Total Expenditures of Federal Awards			$ 11,951,257
		Federal Revenue per SEFA	$ 11,951,257
		Medicaid Reimbursement - General Fund	210,672
		Junior ROTC	131,865
		C-2 Federal Revenue	$ 12,293,794

** Indicates clustered program under OMB Compliance Supplement*

The accompanying notes are an integral part of this schedule.

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

The District has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

MAGNOLIA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
SELECTED SCHOOL FIRST INDICATORS - EXHIBIT L-1
For the year ended 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 District make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the District was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the District is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the District issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the 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 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 District's fiscal year end?	Yes
SF8	Did the Board members discuss the District's property values at a board meeting within 120 days before the District adopted its budget?	Yes
SF9	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	$ -