

MATAGORDA INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
AUGUST 31, 2024



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

MATAGORDA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED AUGUST 31, 2024

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CERTIFICATE OF BOARD

Matagorda Independent School District
Name of School District

Matagorda
County

158-904
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2024, at a meeting of the Board of Trustees of such school district on the ____ 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)

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Matagorda Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda 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 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 the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining schedules of non-major governmental funds 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 schedules of non-major governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

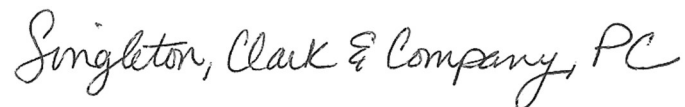
Other Information

Management is responsible for the other information included within the annual report. The other information comprises exhibits required by the Texas Education Agency which present property tax collection and receivable information, budget-to-actual comparisons for the Child Nutrition Fund and Debt Service Fund, and information related to expenditure levels of selected state funding allotments. Our opinions on the basic financial statements do not cover this 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 November 1, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Matagorda Independent School District's internal control over financial reporting and compliance.



Singleton, Clark & Company, PC
Cedar Park, Texas

November 1, 2024

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MATAGORDA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Matagorda Independent School District (the "District") discuss and analyze the financial performance of the District for the fiscal year ended August 31, 2024. Please read this information in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position for governmental activities increased by \$335,021 as a result of this year's current operations, to end at \$340,029.
- Total governmental funds of the District (the General Fund plus all Special Revenue Funds and the Debt Service Fund) reported an overall fund balance increase of \$387,516, to end at \$375,530.
- The General Fund of the District reported a fund balance increase of \$361,339 for the year, to end at \$96,617.

OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor's report, management's discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

Independent Auditor's Report

State law requires the District's financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The District received an *Unmodified* opinion on its financial statements this year.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

MATAGORDA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's child nutrition and debt service functions.

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists any audit findings reported by the audit firm for the year.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the State of Texas in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

MATAGORDA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.
- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Our school district reported governmental activities this year, however, we did not engage in business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

- A school district will use *governmental funds* to account for basic services. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

MATAGORDA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

Our District reported several governmental funds this year, however, we did not utilize proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$5,008 to \$340,029. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$632,293) at August 31, 2024. The increase in governmental net position was primarily due to factors such as an overall increase of fund balance in the General Fund resulting from recapture expenditure actual amounts being lower than originally anticipated resulting in an overall increase in fund balance.

Table I
Matagorda Independent School District
Net Position

	Governmental Activities 2024	Governmental Activities 2023	Change
Current & Other Assets	\$ 2,176,143	\$ 922,518	\$ 1,253,625
Capital Assets	5,506,612	4,505,019	1,001,593
Total Assets	7,682,755	5,427,537	2,255,218
Deferred Outflows of Resources	739,939	412,371	327,568
Current Liabilities	1,563,656	710,304	853,352
Long-Term Liabilities	5,819,798	4,442,251	1,377,547
Total Liabilities	7,383,454	5,152,555	2,230,899
Deferred Inflows of Resources	699,211	682,345	16,866
Net Position:			
Net Investment in Capital Assets	682,611	730,959	(48,348)
Restricted	289,711	262,309	27,402
Unrestricted	(632,293)	(988,260)	355,967
Total Net Position	\$ 340,029	\$ 5,008	\$ 335,021

MATAGORDA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

Table II
MATAGORDA INDEPENDENT SCHOOL DISTRICT
Changes in Net Position

	Governmental Activities 2024	Governmental Activities 2023	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 3,108	\$ 14,110	\$ (11,002)
Operating Grants & Contributions	592,981	643,532	(50,551)
General Revenues:			
Maintenance & Operations Taxes	2,688,419	3,220,435	(532,016)
Debt Service Taxes	318,251	345,293	(27,042)
State Aid - Formula Grants	32,547	54,953	(22,406)
Grants & Contributions not Restricted	7,326	18,057	(10,731)
Investment Earnings	4,058	2,259	1,799
Miscellaneous	99,760	52,562	47,198
Total Revenue	3,746,450	4,351,201	(604,751)
Expenses:			
Instruction	1,280,639	1,165,112	115,527
Instructional Resources & Media Services	268	1,421	(1,153)
Curriculum & Instructional Staff Development	-	2,303	(2,303)
Instructional Leadership	-	112	(112)
School Leadership	122,846	121,904	942
Guidance, Counseling, & Evaluation Services	23,323	10,422	12,901
Health Services	5,421	1,034	4,387
Student Transportation	37,614	28,225	9,389
Food Services	109,726	110,918	(1,192)
Extracurricular Activities	52,305	60,150	(7,845)
General Administration	224,105	184,503	39,602
Facilities Maintenance and Operations	273,172	255,344	17,828
Security and Monitoring Services	193,990	27,115	166,875
Data Processing Services	103,415	116,341	(12,926)
Community Services	978	1,348	(370)
Debt Service	112,500	124,051	(11,551)
Contracted Instructional Svcs between Public Schools	815,463	1,932,739	(1,117,276)
Other Intergovernmental Charges	55,664	38,906	16,758
Total Expenses	3,411,429	4,181,948	(770,519)
Change in Net Position	335,021	169,253	165,768
Net Position at 9/1/23 and 9/1/22	5,008	(164,245)	169,253
Net Position at 8/31/24 and 8/31/23	\$ 340,029	\$ 5,008	\$ 335,021

MATAGORDA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of \$96,617, which is \$361,339 more than last year's total of (\$264,722). The increase in fund balance is mainly attributable to an increase in the District's Average Daily Attendance causing recapture expenditure actual amounts to be lower than originally budgeted resulting in a fund balance increase.

The District's Debt Service Fund reported a fund balance of \$249,599 which is \$19,036 more than last year's total of \$230,563. The Debt Service fund balance was more at August 31, 2024, as compared to the prior year end, due to overall revenues exceeding expenditures and interest expense related to long term debt having actual amounts lower than budgeted. The purpose of the Debt Service Fund is to provide for the payment of bond principal and interest payments as it becomes due.

The District's other governmental funds reported combined ending fund balances of \$29,314. This combined balance is \$7,141 more than the previous year. The primary reason for this change in the combined fund balance was due to the increase in fund balance in the Child Nutrition Fund from federal program revenue causing overall revenue to exceed expenditures in this fund.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. Budget amendments made in the Instruction, General Administration, Facilities Maintenance & Operations, and the Contracted Instructional Services between Public Schools line items were considered significant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of August 31, 2024, the District had \$5,506,612 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2024 and 2023 is as follows:

	Governmental Activities 2024	Governmental Activities 2023	Change
Construction in Progress	\$ 1,143,000	\$ 6,588,382	\$ (5,445,382)
Buildings	6,588,382	415,801	6,172,581
Furniture and Equipment	437,576	83,985	353,591
Right to Use Lease Assets	83,985	-	83,985
SBITA	7,722	-	7,722
Total	8,260,665	7,088,168	1,172,497
Less Accumulated Depreciation	(2,754,053)	(2,583,149)	(170,904)
Capital Assets, Net of Depreciation	\$ 5,506,612	\$ 4,505,019	\$ 1,001,593

MATAGORDA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

Debt

At year-end, the District had \$4,824,001 in bonds and other long-term debt outstanding versus \$3,774,060 last year. The increase is attributed to the issuance of a \$1,270,000 note from Government Capital Cooperation.

A summary of the ending balances of long-term debt by type for both 2024 and 2023 is as follows:

	Governmental Activities 2024	Governmental Activities 2023	Change
Bonds Payable	\$ 3,529,565	\$ 3,738,695	\$ (209,130)
Notes Payable	1,270,000	-	1,270,000
Right to Use Lease Assets Payable	17,992	35,365	(17,373)
SBITA Payable	6,444	-	6,444
Total	<u>\$ 4,824,001</u>	<u>\$ 3,774,060</u>	<u>\$ 1,049,941</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2024- 2025 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of \$3.30 million for the 2024-2025 fiscal year. This reflects an approximate increase of \$76,000 in budgeted expenditures from the fiscal year 2023-2024 adopted budget to fiscal year 2024-2025.

For the 2024-2025 budget year, the District has decreased its maintenance and operations tax rate at \$0.6669 per hundred of taxable value. The District adopted a debt service tax rate of \$0.0685 for the 2024-2025 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2024-2025 budget year is \$0.7354 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, 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 the District's Business Office, at Matagorda Independent School District, 717 Wightman Street, P.O. Box 657, Matagorda, Texas 77457 or by calling (979) 863-7693.

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BASIC FINANCIAL STATEMENTS

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

Data Control Codes		Primary Government 1 Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 629,406
1225	Property Taxes Receivable, net	242,811
1240	Due from Other Governments	33,926
1290	Other Receivables, net	1,270,000
	Capital Assets:	
1520	Buildings and Improvements, net	4,266,323
1530	Furniture and Equipment, net	74,314
1550	Right to Use Assets, net	16,797
1560	SBITA Assets, net	6,178
1580	Construction in Progress	1,143,000
1000	Total Assets	<u>7,682,755</u>
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred Outflows-Pension	490,136
1706	Deferred Outflows-OPEB	249,803
	Total Deferred Outflows of Resources	<u>739,939</u>
LIABILITIES		
2110	Accounts Payable	1,174,786
2140	Interest Payable	5,854
2150	Payroll Deductions and Withholdings	27,064
2160	Accrued Wages Payable	107,400
2180	Due to Other Governments	237,183
2200	Accrued Expenses	10,594
2300	Unavailable Revenue	775
	Noncurrent Liabilities:	
2501	Due Within One Year	273,171
2502	Due in More Than One Year	4,550,830
2540	Net Pension Liability	694,529
2545	Other Post-Employment Benefits Liability	301,268
2000	Total Liabilities	<u>7,383,454</u>
DEFERRED INFLOWS OF RESOURCES		
2605	Deferred Inflows-Pension	182,734
2606	Deferred Inflows-OPEB	516,477
	Total Deferred Inflows of Resources	<u>699,211</u>
NET POSITION		
3200	Net Investment in Capital Assets	682,611
	Restricted for:	
3820	Federal & State Programs	14,248
3850	Debt Service	275,463
3900	Unrestricted	(632,293)
3000	Total Net Position	<u>\$ 340,029</u>

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

MATAGORDA INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2024

		Program Revenues		Net (Expense)	
		3	4	Rev. & Changes in Net Position	
Data Control Codes	1 Expenses	Charges for Services	Operating Grants and Contributions	6 Primary Gov. Governmental Activities	
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 1,280,639	\$ -	\$ 285,775	\$ (994,864)
12	Instructional Resources & Media Services	268	-	10	(258)
23	School Leadership	122,846	-	3,769	(119,077)
31	Guidance, Counseling, & Evaluation Services	23,323	-	749	(22,574)
33	Health Services	5,421	-	-	(5,421)
34	Student Transportation	37,614	-	12,686	(24,928)
35	Food Services	109,726	3,108	109,360	2,742
36	Extracurricular Activities	52,305	-	108	(52,197)
41	General Administration	224,105	-	4,928	(219,177)
51	Facilities Maintenance and Operations	273,172	-	2,883	(270,289)
52	Security and Monitoring Services	193,990	-	150,560	(43,430)
53	Data Processing Services	103,415	-	1,873	(101,542)
61	Community Services	978	-	39	(939)
72	Interest on Long-Term Debt	111,550	-	20,241	(91,309)
73	Bond Issuance Cost & Fees	950	-	-	(950)
91	Contr. Instr. Svcs. between Public Schools	815,463	-	-	(815,463)
92	Incremental Costs Associated with Chapter 4	-	-	-	-
93	Payments to Fiscal Agent/Member Dist. of SS	-	-	-	-
95	Payments to JJAEP Program	-	-	-	-
97	Payments to Increment Tax Fund	-	-	-	-
99	Other Intergovernmental Charges	55,664	-	-	(55,664)
TG	Total Governmental Activities:	3,411,429	3,108	592,981	(2,815,340)
TP	TOTAL PRIMARY GOVERNMENT:	\$ 3,411,429	\$ 3,108	\$ 592,981	(2,815,340)
General Revenues:					
Taxes:					
MT	Property Taxes, Levied for General Purposes				2,688,419
DT	Property Taxes, Levied for Debt Service				318,251
SF	State Aid - Formula Grants				32,547
GC	Grants and Contributions, not Restricted				7,326
IE	Investment Earnings				4,058
MI	Miscellaneous Local and Intermediate Revenue				99,760
	Total General Revenues				3,150,361
CN	Change in Net Position				335,021
NB	Net Position -- Beginning				5,008
NE	Net Position -- Ending				\$ 340,029

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

MATAGORDA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2024

EXHIBIT C
For Discussion
Purposes Only

Data Control Codes	10	50		98
	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 340,470	\$ 252,907	\$ 36,029	\$ 629,406
1220 Property Taxes - Delinquent	289,263	34,487	-	323,750
1230 Allowance for Uncollectible Taxes (Credit)	(72,316)	(8,623)	-	(80,939)
1240 Due from Other Governments	-	-	33,926	33,926
1260 Due from Other Funds	27,451	-	2,936	30,387
1290 Other Receivables	1,270,000	-	-	1,270,000
1000 Total Assets	<u>\$ 1,854,868</u>	<u>\$ 278,771</u>	<u>\$ 72,891</u>	<u>\$ 2,206,530</u>
LIABILITIES				
2110 Accounts Payable	\$ 1,170,815	\$ -	\$ 3,971	\$ 1,174,786
2150 Payroll Deductions and Withholdings	27,064	-	-	27,064
2160 Accrued Wages Payable	96,358	-	11,042	107,400
2170 Due to Other Funds	5,251	3,294	21,842	30,387
2180 Due to Other Governments	232,183	-	5,000	237,183
2200 Accrued Expenditures	9,633	-	961	10,594
2300 Unavailable Revenues	-	14	761	775
2000 Total Liabilities	<u>1,541,304</u>	<u>3,308</u>	<u>43,577</u>	<u>1,588,189</u>
DEFERRED INFLOWS OF RESOURCES				
2600 Deferred Inflows-Unavailable Revenues	216,947	25,864	-	242,811
Total Deferred Inflows of Resources	<u>216,947</u>	<u>25,864</u>	<u>-</u>	<u>242,811</u>
FUND BALANCES				
Restricted for:				
3450 Federal or State Funds Restricted	-	-	14,248	14,248
3480 Retirement of Long-Term Debt	-	249,599	-	249,599
Committed for:				
3545 Other Committed Fund Balance	-	-	15,066	15,066
3600 Unassigned Fund Balance	96,617	-	-	96,617
3000 Total Fund Balances	<u>96,617</u>	<u>249,599</u>	<u>29,314</u>	<u>375,530</u>
4000 Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 1,854,868</u>	<u>\$ 278,771</u>	<u>\$ 72,891</u>	<u>\$ 2,206,530</u>

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

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

EXHIBIT C-1
Diff. For Discussion
Purposes Only

			1
	Total Fund Balances - Governmental Funds	\$	375,530
¹	Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
	Governmental capital assets	\$ 8,260,665	
	Less accumulated depreciation	<u>(2,754,053)</u>	5,506,612
²	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
	Bonds payable, including unamortized premiums	(3,529,565)	
	Notes payable	(1,270,000)	
	Right to use lease assets & SBITA payables	(24,436)	
	Net pension liability	(694,529)	
	Net OPEB liability	<u>(301,268)</u>	(5,819,798)
³	Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.		(5,854)
⁴	Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
	Deferred outflows of resources related to pensions	490,136	
	Deferred inflows of resources related to pensions	(182,734)	
	Deferred outflows of resources related to OPEB	249,803	
	Deferred inflows of resources related to OPEB	<u>(516,477)</u>	40,728
⁵	Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.		242,811
²⁹	Net Position of Governmental Activities	<u>\$</u>	<u>340,029</u>

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

MATAGORDA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

EXHIBIT C-2
Discussion
Purposes Only

Data Control Codes	10	50	98
	General Fund	Debt Service Fund	Other Funds
			Total Governmental Funds
REVENUES			
5700 Local and Intermediate Sources	\$ 2,778,311	\$ 319,458	\$ 3,108
5800 State Program Revenues	129,307	20,241	180,479
5900 Federal Program Revenues	14,755	-	346,911
5020 Total Revenues	2,922,373	339,699	530,498
EXPENDITURES			
0011 Instruction	993,607	-	256,533
0012 Instructional Resources & Media Services	264	-	-
0023 School Leadership	120,159	-	-
0031 Guidance, Counseling & Evaluation Services	22,883	-	-
0033 Health Services	5,146	-	-
0034 Student Transportation	35,319	-	12,127
0035 Food Services	985	-	104,633
0036 Extracurricular Activities	48,179	-	-
0041 General Administration	222,038	-	1,386
0051 Facilities Maintenance and Operations	262,341	-	54
0052 Security and Monitoring Services	37,102	-	148,624
0053 Data Processing Services	100,153	-	-
0061 Community Services	970	-	-
0071 Debt Service - Principal	18,651	190,000	-
0072 Debt Service - Interest	1,005	129,713	-
0073 Debt Service - Bond Issuance Costs	-	950	-
0081 Facilities Acquisition and Construction	1,143,000	-	-
0091 Contr. Instr. Svcs. between Public Schools	774,113	-	-
0099 Other Intergovernmental Charges	52,841	-	-
6030 Total Expenditures	3,838,756	320,663	523,357
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(916,383)	19,036	7,141
OTHER FINANCING SOURCES (USES)			
7913 Proceeds from Right to Use Lease Assets	7,722	-	-
7914 Non-Current Loan Proceeds	1,270,000	-	-
7080 Total Other Financing Sources (Uses)	1,277,722	-	-
1200 Net Change in Fund Balance	361,339	19,036	7,141
0100 Fund Balance - Beginning	(264,722)	230,563	22,173
3000 Fund Balance - Ending	\$ 96,617	\$ 249,599	\$ 29,314

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

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

Total Net Change in Fund Balances – Governmental Funds		\$ 387,516
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.	
	Expenditures for capitalized assets	\$ 1,172,497
	Less current year depreciation	(170,904)
		1,001,593
2	Repayment of principal on bonds, notes, leases and SBITA is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and these repayments instead reduce long-term liabilities on the Statement of Net Position.	208,651
3	Issuance of long-term debt increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.	(1,277,722)
4	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.	19,130
5	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.	38
6	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.	12,719
7	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.	(79,627)
8	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.	62,723
29 Change in Net Position of Governmental Activities		<u>\$ 335,021</u>

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

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EXHIBIT C-6 Discussion
Purposes Only

MATAGORDA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGED IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget
	Original	Final		
REVENUES				
5700 Local & Intermediate Sources	\$ 2,745,604	\$ 2,745,604	\$ 2,778,311	\$ 32,707
5800 State Program Revenues	120,696	120,696	129,307	8,611
5900 Federal Program Revenues	15,000	15,000	14,755	(245)
5020 Total Revenues	2,881,300	2,881,300	2,922,373	41,073
EXPENDITURES				
Current:				
0011 Instruction	934,835	1,008,635	993,607	15,028
0012 Instructional Resources & Media Svcs.	1,100	1,100	264	836
0013 Curriculum & Instructional Staff Dev.	2,350	2,350	-	2,350
0021 Instructional Leadership	600	600	-	600
0023 School Leadership	151,184	151,184	120,159	31,025
0031 Guidance, Counseling & Evaluation Svcs.	14,655	24,655	22,883	1,772
0033 Health Services	3,400	6,400	5,146	1,254
0034 Student Transportation	35,377	40,377	35,319	5,058
0035 Food Services	-	1,000	985	15
0036 Extracurricular Activities	46,082	56,082	48,179	7,903
0041 General Administration	153,737	253,737	222,038	31,699
0051 Facilities Maintenance & Operations	209,372	275,072	262,341	12,731
0052 Security and Monitoring Services	45,736	45,736	37,102	8,634
0053 Data Processing Services	116,620	122,120	100,153	21,967
0061 Community Services	1,282	1,282	970	312
Debt Service:				
0071 Principal on Long Term Debt	6,000	18,651	18,651	-
0072 Interest on Long Term Debt	-	2,349	1,005	1,344
Capital Outlay:				
0081 Facilities Acquisition & Construction	-	-	1,143,000	(1,143,000)
Intergovernmental:				
0091 Contr. Instr. Svcs. between Public Schools	1,447,772	1,149,272	774,113	375,159
0099 Other Intergovernmental Charges	52,852	52,852	52,841	11
6030 Total Expenditures	3,222,954	3,213,454	3,838,756	(625,302)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(341,654)	(332,154)	(916,383)	(584,229)
OTHER FINANCING SOURCES (USES)				
7913 Proceeds from Right to Use Lease Assets	-	-	7,722	7,722
7914 Non-Current Loan Proceeds	-	-	1,270,000	1,270,000
8911 Transfers Out	(6,417)	(17,917)	-	(17,917)
7080 Total Other Financing Sources (Uses)	(6,417)	(17,917)	1,277,722	1,295,639
1200 Net Change in Fund Balances	(348,071)	(350,071)	361,339	711,410
0100 Fund Balance-September 1 (Beginning)	(264,722)	(264,722)	(264,722)	-
3000 Fund Balance-August 31 (Ending)	\$ (612,793)	\$ (614,793)	\$ 96,617	\$ 711,410

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

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

		865
Data		
Control		Custodial
Codes		Fund
ASSETS		
1110	Cash and Cash Equivalents	\$ 4,524
1000	Total Assets	4,524
NET POSITION		
	Restricted for:	
3800	Individuals and Organizations	4,524
3000	Total Net Position	\$ 4,524

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

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

		865
Data		
Control		Custodial
Codes		Fund
DEDUCTIONS		
6400	Other Operating Costs	\$ 185
6030	Total Deductions	185
1200	Net Increase/(Decrease) in Fiduciary Net Position	(185)
0100	Net Position - Beginning	4,709
3000	Net Position - Ending	\$ 4,524

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

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

Draft - For Discussion
Purposes Only

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes those activities, organizations and functions related to Matagorda Independent School District (the “District”), which are controlled by or dependent upon the District’s governing body, the Board of Trustees (the “Board”). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental “reporting entity” as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as “component units”, included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Currently however, the District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Custodial funds have no measurement focus. 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Draft - For Discussion
Purposes Only

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 government considers revenues to be available if they are collected within sixty 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 are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds and Fund Types

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds.

Custodial Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

Budgetary Information

Budgets are prepared annually for the General Fund, the Child Nutrition Fund, and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of August and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The District had one significant budgetary overage in the Facilities Acquisition & Construction line item in the General Fund.

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

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

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories - Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets - Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - fifteen to thirty years, furniture and equipment - three to twenty years, and vehicles - five to ten years.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

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

- The District uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

Draft - For Discussion
Purposes Only

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

Ad Valorem Property Taxes - Delinquent taxes, when received, are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Accumulated Sick Leave Liability - The State of Texas has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

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 benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits - The fiduciary net position of the Teacher Retirement System of Texas TRS Care Plan (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 other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Balance/Deficit - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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Statement of Cash Flows - For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

Fair Value Measurements - The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows below.

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

Data Control Codes

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

2. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and custodial funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

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The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent 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 dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2024, the carrying amount of the District's deposits was \$633,930 and the bank balance was \$633,689. The District's deposits with financial institutions at August 31, 2024 and during the year ended August 31, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a) Name of depository bank: Prosperity Bank, Texas
- b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$1,972,228.
- c) The largest cash, savings and time deposit combined account balance amounted to \$1,648,215 and occurred during the month of February 2024.
- d) Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

The District had no investments in external local governmental investment pools at August 31, 2024.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2024, the District did not have investment accounts and therefore, was not exposed to credit risk.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2024, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At August 31, 2024, the District had no investment accounts.

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Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2024 the District did not have any investments accounts and therefore, was not exposed to interest rate risk.

3. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Matagorda Central Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Matagorda County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2023, upon which the October 2023 levy was based was \$389,586,195. The District levied taxes based on a combined tax rate of \$0.77597 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

4. DUE FROM/TO OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of August 31, 2024 are summarized as follows.

Due From Other Governments:	Non-Major Governmental Funds
Governmental Activities:	
Federal Grants	\$ 33,926
Total - Governmental Activities	

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Due To Other Governments:		Non-Major	
	General	Governmental	
	Fund	Funds	Total
Governmental Activities:			
Foundation & Per Capita Entitlements	\$ 232,183	\$ -	\$ 232,183
Federal Grants	-	5,000	5,000
Total - Governmental Activities	\$ 232,183	\$ 5,000	\$ 237,183

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as “Due from Other Funds” and on the balance sheet of the borrowing fund as “Due to Other Funds”. Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as “Transfers Out” for the paying fund and “Transfers In” for the receiving fund.

During the year, the District did not make any transfers to other funds.

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

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	\$ 2,639
	Special Revenue Funds	24,812
Total General Fund		27,451
Special Revenue Funds	General Fund	2,936
Total Special Revenue Funds		2,936
Grand Total		\$ 30,387

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6. CAPITAL ASSETS

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

	Beginning Balance 9/1/23	Additions	Retirements	Ending Balance 8/31/24
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Construction in Progress	\$ -	\$ 1,143,000	\$ -	\$ 1,143,000
Total Capital Assets, not Being Depreciated	-	1,143,000	-	1,143,000
Capital Assets, Being Depreciated:				
Buildings and Improvements	6,588,382	-	-	6,588,382
Furniture and Equipment	415,801	21,775	-	437,576
Right to Use Lease Assets	83,985	-	-	83,985
SBITA Assets	-	7,722	-	7,722
Total Capital Assets, Being Depreciated	7,088,168	29,497	-	7,117,665
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,191,026)	(131,033)	-	(2,322,059)
Furniture and Equipment	(341,732)	(21,530)	-	(363,262)
Right to Use Lease Assets	(50,391)	(16,797)	-	(67,188)
SBITA Assets	-	(1,544)	-	(1,544)
Total Accumulated Depreciation	(2,583,149)	(170,904)	-	(2,754,053)
Governmental Activities Capital Assets, Net	\$ 4,505,019	\$ 1,001,593	\$ -	\$ 5,506,612

Depreciation expense was charged to the functions of the District as follows:

Function	Depreciation Allocation
Instruction	\$ 66,778
Instructional Resources & Media Services	14
School Leadership	6,418
Guidance, Counseling & Evaluation Services	1,222
Health Services	275
Student Transportation	2,534
Food Services	5,642
Extracurricular Activities	2,574
General Administration	11,935
Facilities Maintenance and Operations	14,016
Security and Monitoring Services	9,921
Data Processing Services	5,350
Community Services	52
Contr. Instr. Svcs. between Public Schools	41,350
Other Intergovernmental Charges	2,823
Totals	\$ 170,904

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7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Governmental activities long-term debt obligations at August 31, 2024 consisted of the following:

General Long-Term Debt Description	Outstanding at August 31, 2024
<u>Bonds Payable:</u>	
\$4,280,000 Series 2024 General Obligation Refunding and Improvement Bonds due in annual installments of \$200,000 to \$315,000 through February 15, 2037; interest at 3.0% to 3.65%.	\$ 3,300,000
<u>Notes Payable:</u>	
\$1,270,000 Note financed through Government Capital Corporation due in annual installments of \$53,757 to \$124,708 through August 2039; interest at 6.195%.	1,270,000
<u>Right to Use Lease Assets</u>	
\$83,715 Right to Use Lease Asset for Copier Machines financed through Office Systems for a 60 month term, due in remaining monthly installments of \$1,528 through 2025; interest at 3.50%.	17,992
<u>SBITA Payable:</u>	
\$7,722 SBITA Payable for a website hosting subscription due in annual installments of \$1,422 to \$1,789 through 2028; interest at 3.46%.	6,444
Total General Long-Term Debt	<u>\$ 4,594,436</u>

The following is a summary of changes in long-term liabilities for the year ended August 31, 2024:

Type	Outstanding 9/1/23	Additions	Deletions	Outstanding 8/31/24	Due in One Year
Bonds Payable:					
General Obligation & Refunding Bonds	\$ 3,490,000	\$ -	\$ (190,000)	\$ 3,300,000	\$ 200,000
Premium on Issuance of Bonds	248,695	-	(19,130)	229,565	-
Total Bonds Payable	<u>3,738,695</u>	<u>-</u>	<u>(209,130)</u>	<u>3,529,565</u>	<u>200,000</u>
Other Long-Term Liabilities:					
Notes Payable	-	1,270,000	-	1,270,000	53,757
Right to Use Leased Assets	35,365	-	(17,373)	17,992	17,992
SBITA Payable	-	7,722	(1,278)	6,444	1,422
Total Other Long-Term Liabilities	<u>35,365</u>	<u>1,277,722</u>	<u>(18,651)</u>	<u>1,294,436</u>	<u>73,171</u>
Total Governmental Activities	<u>\$ 3,774,060</u>	<u>\$ 1,277,722</u>	<u>\$ (227,781)</u>	<u>\$ 4,824,001</u>	<u>\$ 273,171</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed \$0.50 per \$100 of assessed valuation of taxable property within the District.

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Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of August 31, 2024 are as follows:

Year Ended August 31,	Bonds Payable		Total Requirements
	Principal	Interest	
2025	\$ 200,000	\$ 122,863	\$ 322,863
2026	210,000	114,663	324,663
2027	215,000	106,163	321,163
2028	225,000	97,644	322,644
2029	235,000	89,019	324,019
2030-2034	1,305,000	304,844	1,609,844
2035-2039	910,000	55,238	965,238
Total	\$ 3,300,000	\$ 890,434	\$ 4,190,434

The debt service requirements for notes payable as of August 31, 2024 are as follows:

Year Ended August 31,	Notes Payable		Total Requirements
	Principal	Interest	
2025	\$ 53,757	\$ 78,677	\$ 132,434
2026	57,088	75,346	132,434
2027	60,624	71,810	132,434
2028	64,380	68,054	132,434
2029	68,368	64,066	132,434
2030-2034	410,870	251,299	662,169
2035-2039	554,913	107,256	662,169
Total	\$ 1,270,000	\$ 716,508	\$ 1,986,508

Leases are defined by the general government as the right to use an underlying asset. As lessee, the District recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The District calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

The debt service requirements for right to use leases payable as of August 31, 2024 are as follows:

Year Ended August 31,	Right to Use Lease Assets Payable		Total Requirements
	Principal	Interest	
2025	\$ 17,992	\$ 342	\$ 18,334
Total	\$ 17,992	\$ 342	\$ 18,334

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Subscription Based Information Technology Arrangements are defined by the general government as the right to use an underlying information technology subscription asset. As lessee, the District recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. SBITA's are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The District calculates the amortization of the discount on the SBITA and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

The debt service requirements for the District's SBITA payables as of August 31, 2024 are as follows:

Year Ended August 31,	SBITA Payable		Total Requirements
	Principal	Interest	
2025	\$ 1,422	\$ 100	\$ 1,522
2026	1,555	167	1,722
2027	1,678	244	1,922
2028	1,789	333	2,122
Total	<u>\$ 6,444</u>	<u>\$ 844</u>	<u>\$ 7,288</u>

8. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Annual Comprehensive Financial Report within Note 1 to the financial statements. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

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C. Contributors to the Plan

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

The number of participating employers during fiscal year 2023 are disclosed in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,020
Charter Schools (open enrollment only)	200
Community and Junior Colleges	50
Senior Colleges and Universities	48
Regional Service Centers	20
Medical Schools	9
Educational Districts	2
State Agency	1
Total	<u><u>1,350</u></u>

Plan membership as of August 31, 2022 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2022 (see Section F), the Plan membership counts are as of August 31, 2022.

<u>Pension Plan Membership</u>	
Inactive plan members or beneficiaries currently receiving benefits	475,952
Inactive plan members entitled to but not yet receiving benefits	544,537
Active plan members	<u>928,418</u>
	<u><u>1,948,907</u></u>

The Average Expected Remaining Service Life (AERSL) of 5.6705 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.
- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

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As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

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

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown on the next page:

<u>Contribution Rates</u>	<u>2023</u>	<u>2024</u>
Members	8.00%	8.25%
Employer	8.00%	8.25%
State of Texas (NECE)	8.00%	8.25%
<u>Contribution Amounts</u>		
Members	\$ 65,670	\$ 83,496
Employer	37,750	42,745
State of Texas (NECE)	65,892	90,156

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

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

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2023 are disclosed below.

<u>Components of Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$ 255,860,886,500
Less: Plan Fiduciary Net Position	(187,170,535,558)
Net Pension Liability	<u>\$ 68,690,350,942</u>
Net Position as Percentage of Total Pension Liability	73.15%

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F. Actuarial Methods and Assumptions

Roll Forward

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

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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

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

*Absolute Return includes Credit Sensitive Investments.

**Target allocations are based on the FY2023 policy model.

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

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

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The following table discloses the assumptions that were applied to this measurement period.

Actuarial Methods and 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 Rate	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."
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

Discount Rate

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

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

G. Change of Assumptions Since the Prior Measurement Date

The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

H. Changes in Benefit Provisions Since Prior Measurement Date

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

MATAGORDA INDEPENDENT SCHOOL DISTRICT
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I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

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

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption			
	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Net Pension Liability:	\$ 1,038,359	\$ 694,529	\$ 408,634

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last measured as of August 31, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of the Plan's Net Pension Liability based on the District's contributions to the Plan relative to the contributions of all employers for the period September 1, 2022 through August 31, 2023.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State's proportionate share of the Net Pension Liability associated with the District.

	Measurement Date		Change
	8/31/22	8/31/23	
District's Proportion of the Collective Net Pension Liability	0.000007089615	0.000010111007	0.000003021392
District's Proportionate Share of the Net Pension Liability	\$ 420,892	\$ 694,529	\$ 273,637
State's Proportionate Share of the Net Pension Liability Associated with the District	796,603	827,475	30,872
Total Pension Liability	\$ 1,217,495	\$ 1,522,004	\$ 304,509

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 24,746	\$ 8,410
Changes in actuarial assumptions	65,689	16,076
Difference between projected and actual investment earnings	217,019	115,948
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	139,937	42,300
Contributions paid to TRS subsequent to the measurement date	42,745	-
Total	\$ 490,136	\$ 182,734

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

Measurement Year Ended August 31,	Pension Expense Amount
2024	\$ 51,946
2025	41,773
2026	102,839
2027	49,227
2028	18,872
Thereafter	-

For the year ended August 31, 2024, the District recognized pension expense of \$79,627 and revenue of \$124,941 for support provided by the State.

9. EMPLOYEE HEALTH CARE COVERAGE

During the year ended August 31, 2024, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed \$265 per month per employee to the Plan, the State provided an additional \$75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

A. Plan Description

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) is a multiple-employer, cost-sharing, defined benefit OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with the Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards. Further detailed information regarding TRS and TRS-Care is available in a separately issued Annual Comprehensive Financial Report for TRS that includes financial statements and required supplementary information. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. 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.

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The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$336,000,000 as of August 31, 2023.

C. Contributors to TRS-Care

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2023, the number of participating employers are presented in the following table.

<u>Participating Employers</u>	
Independent School Districts	1,019
Open Enrollment Charter Schools	200
Regional Service Centers	20
Other Educational Districts	2
Total	<u>1,241</u>

TRS-Care plan membership as of August 31, 2022 is shown in the following table. Because the actuarial valuation was based on a roll-forward from that date (See Section F), the counts are as of that date.

<u>TRS-Care Plan Membership</u>	
Active plan members	757,626
Inactive plan members currently receiving benefits	188,218
Inactive plan members entitled to but not yet receiving benefits	13,971
Total	<u>959,815</u>

The Average Expected Remaining Service Life (AERSL) of 9.2215 years is based on the membership information as of the beginning of the fiscal year.

D. Contributions

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

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

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

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below:

<u>Contribution Rates</u>	<u>2023</u>	<u>2024</u>
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%
<u>Contribution Amounts</u>		
Members	\$ 5,336	\$ 6,578
Employer	8,230	9,324
State of Texas (NECE)	11,628	15,910
* Contributions paid from federal funds and private grants are remitted by the employer and paid at the State rate.		

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

A supplemental appropriation was received in 2023 for \$21.3 million provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS Care.

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

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

E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2023 are disclosed in the following table.

<u>Components of OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 26,028,070,267
Less: Plan Fiduciary Net Position	(3,889,765,203)
Net OPEB Liability	<u>\$ 22,138,305,064</u>
Net Position as a Percentage of Total OPEB Liability	14.94%

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The Net OPEB Liability decreased by \$1.8 billion, from \$23.9 billion as of August 31, 2022, to \$22.1 billion as of August 31, 2023. The decrease was primarily due to favorable claims experience.

F. Actuarial Methods and Assumptions

Roll Forward

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex.

Demographic Assumptions

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021.

Mortality Assumptions

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

Election Rates

Normal Retirement - 62 percent participation rate prior to age 65 and 25 percent participation rate after age 65.
Pre-65 retirees - 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65

Health Care Trend Rates

The initial medical trend rates were 7.75 percent for Medicare retirees and 7.00 percent for non-Medicare retirees. The initial prescription drug trend rate was 7.75 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 12 years.

Actuarial Methods and Assumptions

Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	2.95% to 8.95%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

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Discount Rate

A single discount rate of 4.13 percent was used to measure the total OPEB liability. This was an increase of 0.22 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

G. Change of Assumptions Since the Prior Measurement Date

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

H. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 3.13 percent or one percentage point higher, 5.13 percent, than the AA/Aa rate. The source for the rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity "20-Year Municipal GO AA Index", as of August 31, 2023.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption			
	1% Decrease 3.13%	Current Single Discount Rate 4.13%	1% Increase 5.13%
District's Proportionate Share of the Net OPEB Liability	\$ 354,831	\$ 301,268	\$ 257,560

I. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher than the assumed healthcare cost trend rate.

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 248,079	\$ 301,268	\$ 369,696

J. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last measured as of 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 was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2022 through August 31, 2023.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

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	Measurement Date		Change
	8/31/22	8/31/23	
District's Proportion of the Collective Net OPEB Liability	0.000010328234	0.000013608465	0.000003280231
District's Proportionate Share of the Net OPEB Liability	\$ 247,299	\$ 301,268	\$ 53,969
State's Proportionate Share of the Net OPEB Liability Associated with the District	301,666	363,527	61,861
Total OPEB Liability	\$ 548,965	\$ 664,795	\$ 115,830

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 13,630	\$ 253,460
Changes in actuarial assumptions	41,121	184,475
Difference between projected and actual investment earnings	685	555
Change in proportion and difference between the employer's contributions and the proportionate share of contributions	185,043	77,987
Contributions paid to TRS subsequent to the measurement date	9,324	-
Total	\$ 249,803	\$ 516,477

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

Measurement Year Ended August 31,	OPEB Expense Amount
2024	\$ (74,899)
2025	(61,081)
2026	(42,374)
2027	(41,725)
2028	(38,059)
Thereafter	(17,860)

For the year ended August 31, 2024, Matagorda Independent School District recognized OPEB expense of (\$62,723) and revenue of (\$77,714) for support provided by the State.

11. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2024 and August 31, 2023, the subsidy payments received by TRS-Care on behalf of the District were \$7,066 and \$6,230, respectively.

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12. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below:

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

13. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

Type	General Fund	Major Debt Service Fund	Non-Major Governmental	Total
			Funds	
Property Taxes	\$ 2,675,770	\$ 318,181	\$ -	\$ 2,993,951
Investment Income	2,781	1,277	-	4,058
Gifts	4,202	-	-	4,202
Insurance Recovery	43,124	-	-	43,124
Food Sales	-	-	3,108	3,108
Miscellaneous Local Revenue	52,434	-	-	52,434
Total	<u>\$ 2,778,311</u>	<u>\$ 319,458</u>	<u>\$ 3,108</u>	<u>\$ 3,100,877</u>

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14. UNEARNED REVENUE

Unearned revenue at August 31, 2024 consisted of the following amounts:

Fund	State Grants
Debt Service Fund	\$ 14
Non-Major Governmental Funds	761
Total	<u>\$ 775</u>

15. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended August 31, 2024, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

16. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended August 31, 2024, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

17. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARD

During the year the District implemented Governmental Accounting Standards Board Statement No. 100 – *Accounting Changes and Error Corrections* ("GASB 100"). The objective of GASB 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

For the year ended August 31, 2024, the District did not have any changes in policy or circumstance that required a restatement or adjustment.

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18. NEW GOVERNMENTAL ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board Statement No. 101 – Compensated Absences (GASB 101) provides guidance on the accounting and financial reporting for Compensated Absences for governments. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

The requirements of this statement are effective for fiscal years beginning after December 15, 2023. GASB 101 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	Measurement Year			
	2023	2022	2021	2020
District's Proportion of the Net Pension Liability	0.0010111007%	0.0007089615%	0.0006413610%	0.0007970000%
District's Proportionate Share of the Net Pension Liability	\$ 694,529	\$ 420,892	\$ 163,332	\$ 426,851
State's Proportionate Share of the District Net Pension Liability	827,475	796,603	345,575	738,602
Total Pension Liability	<u>\$ 1,522,004</u>	<u>\$ 1,217,495</u>	<u>\$ 508,907</u>	<u>\$ 1,165,453</u>
District's Covered-Employee Payroll	\$ 820,880	\$ 1,009,565	\$ 957,101	\$ 1,034,168
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	84.61%	41.69%	17.07%	41.27%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	73.15%	75.62%	88.79%	75.54%

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

This schedule reflects ten years of data as required by GASB 68.

Measurement Year					
2019	2018	2017	2016	2015	2014
0.0007515000%	0.0007595000%	0.0008616000%	0.0007777000%	0.0009174000%	0.0004632000%
\$ 390,647	\$ 418,053	\$ 275,501	\$ 293,887	\$ 324,289	\$ 123,728
754,728	769,834	520,392	676,532	648,622	607,524
<u>\$ 1,145,375</u>	<u>\$ 1,187,887</u>	<u>\$ 795,893</u>	<u>\$ 970,419</u>	<u>\$ 972,911</u>	<u>\$ 731,252</u>
\$ 963,519	\$ 917,511	\$ 1,009,237	\$ 997,608	\$ 1,000,139	\$ 731,525
40.54%	45.56%	27.30%	29.46%	32.42%	16.91%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

MATAGORDA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED AUGUST 31, 2024

	Fiscal Year			
	2024	2023	2022	2021
Contractually Required Contribution	\$ 42,745	\$ 37,750	\$ 31,791	\$ 29,175
Contribution in Relation to the Contractually Required Contribution	(42,745)	(37,750)	(31,791)	(29,175)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,012,073	\$ 820,880	\$ 1,009,565	\$ 957,101
Contributions as a Percentage of Covered- Employee Payroll	4.22%	4.60%	3.15%	3.05%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects 10 years of data as required by GASB 68.

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 34,056	\$ 26,704	\$ 28,059	\$ 28,828	\$ 29,700	\$ 27,164
(34,056)	(26,704)	(28,059)	(28,828)	(29,700)	(27,164)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,034,168	\$ 963,519	\$ 917,511	\$ 1,009,237	\$ 997,608	\$ 1,000,139
3.29%	2.77%	3.06%	2.86%	2.98%	2.72%

MATAGORDA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED AUGUST 31, 2024

Draft - For Discussion
Purposes Only

	Measurement Year			
	2023	2022	2021	2020
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0013608465%	0.0010328234%	0.0010282541%	0.0011592355%
District's Proportionate Share of the Net Post Employment Benefit Liability	\$ 301,268	\$ 247,299	\$ 396,644	\$ 440,678
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	363,527	301,666	531,414	592,165
Total Other Post Employment Benefits Liability	<u>\$ 664,795</u>	<u>\$ 548,965</u>	<u>\$ 928,058</u>	<u>\$ 1,032,843</u>
District's Covered Payroll	\$ 820,880	\$ 1,009,565	\$ 957,101	\$ 1,034,168
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.70%	24.50%	41.44%	42.61%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	14.94%	11.52%	6.18%	4.99%

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

This schedule reflects the available years of data since the adoption of GASB 75.

Measurement Year		
2019	2018	2017
0.0011689100%	0.0010944300%	0.0011927300%
\$ 552,791	\$ 546,459	\$ 518,672
963,519	769,761	785,488
\$ 1,516,310	\$ 1,316,220	\$ 1,304,160
\$ 963,519	\$ 917,511	\$ 1,009,237
57.37%	59.56%	51.39%
2.66%	1.57%	0.91%

MATAGORDA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED AUGUST 31, 2024

	Fiscal Year			
	2024	2023	2022	2021
Contractually Required Contribution	\$ 9,324	\$ 8,230	\$ 8,212	\$ 8,045
Contribution in Relation to the Contractually Required Contribution	(9,324)	(8,230)	(8,212)	(8,045)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,012,073	\$ 820,880	\$ 1,009,565	\$ 957,101
Contributions as a Percentage of Covered Payroll	0.92%	1.00%	0.81%	0.84%

The amounts presented are as of the District's fiscal year end of August 31.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

Fiscal Year		
2020	2019	2018
\$ 7,841	\$ 8,296	\$ 5,958
(7,841)	(8,296)	(5,958)
\$ -	\$ -	\$ -
\$ 1,035,368	\$ 963,519	\$ 917,511
0.76%	0.86%	0.65%

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

Teacher Retirement System

Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB 68. Actuarial methods and assumptions used for funding purposes can be found in the Teacher Retirement System of Texas Pension Plan note to the financial statements.

Changes of Benefit Provisions Since Prior Measurement Date

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the Net Pension Liability of TRS.

In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

Changes of Assumptions Since the Prior Measurement Date

- The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.
-

Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS-Care note to the financial statements.

Changes of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year's report:

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

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MATAGORDA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2024

Draft - For Discussion
Purposes Only

	205	211	224
Data			
Control		ESEA, Title I,	IDEA-Part B,
Codes	Head Start	Part A	Formula
ASSETS			
1110 Cash and Cash Equivalents	\$ 2,023	\$ -	\$ -
1240 Due from Other Governments	2,977	82	41
1260 Due from Other Funds	-	-	-
1000 Total Assets	<u>\$ 5,000</u>	<u>\$ 82</u>	<u>\$ 41</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	-	-	-
2170 Due to Other Funds	-	82	41
2180 Due to Other Governments	5,000	-	-
2200 Accrued Expenditures	-	-	-
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>5,000</u>	<u>82</u>	<u>41</u>
FUND BALANCES			
Restricted for:			
3450 Federal or State Funds Restricted	-	-	-
Committed for:			
3545 Other Committed Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liab., Def. Inflows & Fund Balances	<u>\$ 5,000</u>	<u>\$ 82</u>	<u>\$ 41</u>

225	240	255	270	282	289	410
IDEA-Part B, Preschool	National Breakfast and Lunch Program	ESEA, Title II, Part A	ESEA, Title V, Part B, Subpart 2	ESSER III	Federally Funded Spec. Rev. Fund	State Instructional Materials Fund
\$ -	\$ 11,187	\$ -	\$ -	\$ 6,992	\$ -	\$ 61
3	7,630	10	11,417	-	11,766	-
-	2,936	-	-	-	-	-
\$ 3	\$ 21,753	\$ 10	\$ 11,417	\$ 6,992	\$ 11,766	61
\$ -	\$ 3,971	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,414	-	1,366	6,262	-	-
3	48	10	9,892	-	11,766	-
-	-	-	-	-	-	-
-	72	-	159	730	-	-
-	-	-	-	-	-	61
3	7,505	10	11,417	6,992	11,766	61
-	14,248	-	-	-	-	-
-	-	-	-	-	-	-
-	14,248	-	-	-	-	-
\$ 3	\$ 21,753	\$ 10	\$ 11,417	\$ 6,992	\$ 11,766	\$ 61

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MATAGORDA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes	429	461	Total Non- Major Governmental Funds
	State Funded Special Revenue Funds	Campus Activity Funds	
ASSETS			
1110 Cash and Cash Equivalents	\$ 700	\$ 15,066	\$ 36,029
1240 Due from Other Governments	-	-	33,926
1260 Due from Other Funds	-	-	2,936
1000 Total Assets	<u>\$ 700</u>	<u>\$ 15,066</u>	<u>\$ 72,891</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ -	\$ 3,971
2160 Accrued Wages Payable	-	-	11,042
2170 Due to Other Funds	-	-	21,842
2180 Due to Other Governments	-	-	5,000
2200 Accrued Expenditures	-	-	961
2300 Unearned Revenues	700	-	761
2000 Total Liabilities	<u>700</u>	<u>-</u>	<u>43,577</u>
FUND BALANCES			
Restricted for:			
3450 Federal or State Funds Restricted	-	-	14,248
Committed for:			
3545 Other Committed Fund Balance	-	15,066	15,066
3000 Total Fund Balances	<u>-</u>	<u>15,066</u>	<u>29,314</u>
4000 Total Liab., Def. Inflows & Fund Balances	<u>\$ 700</u>	<u>\$ 15,066</u>	<u>\$ 72,891</u>

MATAGORDA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Draft - For Discussion
Purposes Only

	205	211	224
Data			
Control		ESEA, Title I,	IDEA-Part B,
Codes	Head Start	Part A	Formula
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	48,110	29,886	16,450
5020 Total Revenues	48,110	29,886	16,450
EXPENDITURES			
0011 Instruction	48,110	29,886	16,450
0034 Student Transportation	-	-	-
0035 Food Services	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0052 Security and Monitoring Services	-	-	-
6030 Total Expenditures	48,110	29,886	16,450
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - Beginning	-	-	-
3000 Fund Balance - Ending	\$ -	\$ -	\$ -

225	240	255	270	282	289	410
IDEA-Part B, Preschool	National Breakfast and Lunch Program	ESEA, Title II, Part A	ESEA, Title V, Part B, Subpart 2	ESSER III	Federally Funded Spec. Rev. Fund	State Instructional Materials Fund
\$ -	\$ 3,108	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,190	-	-	-	-	682
1,131	107,685	3,281	12,247	108,179	19,942	-
1,131	112,983	3,281	12,247	108,179	19,942	682
1,131	-	3,281	12,247	106,432	8,176	682
-	-	-	-	361	11,766	-
-	104,633	-	-	-	-	-
-	-	-	-	1,386	-	-
-	54	-	-	-	-	-
-	-	-	-	-	-	-
1,131	104,687	3,281	12,247	108,179	19,942	682
-	8,296	-	-	-	-	-
-	8,296	-	-	-	-	-
-	5,952	-	-	-	-	-
\$ -	\$ 14,248	\$ -	\$ -	\$ -	\$ -	\$ -

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MATAGORDA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	429	461	
	State Funded Special Revenue Funds	Campus Activity Funds	Total Non-Major Governmental Funds
REVENUES			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ 3,108
5800 State Program Revenues	177,607	-	180,479
5900 Federal Program Revenues	-	-	346,911
5020 Total Revenues	177,607	-	530,498
EXPENDITURES			
0011 Instruction	28,983	1,155	256,533
0034 Student Transportation	-	-	12,127
0035 Food Services	-	-	104,633
0041 General Administration	-	-	1,386
0051 Facilities Maintenance and Operations	-	-	54
0052 Security and Monitoring Services	148,624	-	148,624
6030 Total Expenditures	177,607	1,155	523,357
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,155)	7,141
1200 Net Change in Fund Balance	-	(1,155)	7,141
0100 Fund Balance - Beginning	-	16,221	22,173
3000 Fund Balance - Ending	\$ -	\$ 15,066	\$ 29,314

MATAGORDA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

		1	2	3
Last 10 Years Ended August 31,		Tax Rates		Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2015	and prior years	Various	Various	Various
2016		1.02000	0.12820	\$ 243,671,814
2017		1.02000	0.13070	256,501,163
2018		1.02000	0.12540	262,333,542
2019		1.02000	0.11960	269,381,543
2020		0.95000	0.11760	291,101,174
2021		0.90000	0.09300	323,132,570
2022		0.82700	0.09414	367,886,315
2023		0.85460	0.09133	370,301,079
2024	(School year under audit)	0.69340	0.08257	389,586,195
TOTALS				

10	20	31	32	40	50	99
Beginning Balance 9/1/23	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 8/31/24	Total Taxes Refunded Under Section 26.1115c
\$ 138,133	\$ -	\$ 443	\$ 56	\$ (7,251)	\$ 130,383	
4,808	-	41	5	-	4,762	
6,537	-	41	5	-	6,491	
6,984	-	102	12	9	6,879	
11,758	-	2,199	258	-	9,301	
11,021	-	2,473	306	(1)	8,241	
21,023	-	2,589	267	(1)	18,166	
38,236	-	9,532	1,085	(1,101)	26,518	
68,294	-	18,431	1,970	(5,950)	41,943	
-	3,023,072	2,593,532	308,838	(49,636)	71,066	
<u>\$ 306,794</u>	<u>\$ 3,023,072</u>	<u>\$ 2,629,383</u>	<u>\$ 312,802</u>	<u>\$ (63,931)</u>	<u>\$ 323,750</u>	
						<u>\$ -</u>

MATAGORDA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Actual			
		Budgeted Amounts		Amounts	Variance With
		Original	Final	(GAAP BASIS)	Final Budget
REVENUES					
5700	Local & Intermediate Sources	\$ 1,000	\$ 1,000	\$ 3,108	\$ 2,108
5800	State Program Revenues	10,905	10,905	2,190	(8,715)
5900	Federal Program Revenues	80,000	80,000	107,685	27,685
5020	Total Revenues	91,905	91,905	112,983	21,078
EXPENDITURES					
0035	Food Services	98,322	108,322	104,633	3,689
0051	Facilities Maintenance & Operations	-	1,500	54	1,446
6030	Total Expenditures	98,322	109,822	104,687	5,135
1100	Excess (Deficiency) of Revenues				
	Over (Under) Expenditures	(6,417)	(17,917)	8,296	26,213
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	6,417	16,417	-	(16,417)
7080	Total Other Finance Sources (Uses)	6,417	16,417	-	(16,417)
1200	Net Change in Fund Balances	-	(1,500)	8,296	9,796
0100	Fund Balance-September 1 (Beginning)	5,952	5,952	5,952	-
3000	Fund Balance-August 31 (Ending)	\$ 5,952	\$ 4,452	\$ 14,248	\$ 9,796

MATAGORDA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Budgeted Amounts		Actual	Variance With
		Original	Final	Amounts (GAAP BASIS)	Final Budget
REVENUES					
5700	Local & Intermediate Sources	\$ 327,462	\$ 327,462	\$ 319,458	\$ (8,004)
5800	State Program Revenues	18,482	18,482	20,241	1,759
5020	Total Revenues	345,944	345,944	339,699	(6,245)
EXPENDITURES					
Debt Service:					
0071	Principal on Long Term Debt	190,000	190,000	190,000	-
0072	Interest on Long Term Debt	135,413	135,213	129,713	5,500
0073	Bond Issuance Cost and Fees	750	950	950	-
6030	Total Expenditures	326,163	326,163	320,663	5,500
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	19,781	19,781	19,036	(745)
1200	Net Change in Fund Balances	19,781	19,781	19,036	(745)
0100	Fund Balance-September 1 (Beginning)	230,563	230,563	230,563	-
3000	Fund Balance-August 31 (Ending)	\$ 250,344	\$ 250,344	\$ 249,599	\$ (745)

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MATAGORDA INDEPENDENT SCHOOL DISTRICT
 USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS
 FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1 Responses
	Section A: Compensatory Education Programs	
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 120,351
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 257,074
	Section B: Bilingual Education Programs	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 6,089
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	\$ 78,988

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MATAGORDA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		1 Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
	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.	
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year end.	\$ -

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FEDERAL AWARDS SECTION

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

To the Board of Trustees of
Matagorda Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda 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 November 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Matagorda Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-002.

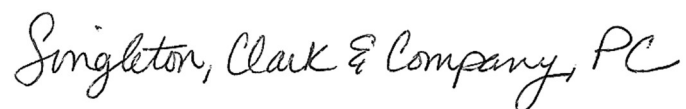
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Matagorda Independent School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Matagorda Independent School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "Singleton, Clark & Company, PC".

Singleton, Clark & Company, PC
Cedar Park, Texas

November 1, 2024

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ Yes ☐ None reported

2024-001 Accounting and Financial Reporting

Noncompliance material to financial statements noted? ☐ Yes ☒ No

FEDERAL AWARDS

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended August 31, 2024 due to expenditures of federal awards being below \$750,000.

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

2024-001 Accounting and Financial Reporting (Significant Deficiency)

Criteria: As part of the regular accounting and financial reporting process, the account balances of the general ledger should be reviewed and monitored on an ongoing basis in order to ensure their accuracy and provide for good financial reporting. This review process is particularly important at year-end during the preparation of the account records for external financial reporting.

Condition Found: The audit resulted in an excessive amount of adjusting journal entries being applied to the books of the organization to correct various areas of accounting such as state and federal grants. For the financial internal controls of an organization to be considered adequate, the organization should be able to prepare its own accounting records or effectively outsource this function.

Cause: State and federal grants were not closely monitored and reviewed for accurate reporting.

Effect: Several audit adjusting entries were required to accurately state the financial statements for external reporting.

Recommendation: We recommend the District receive a higher level of assistance from the Education Service Center or outsource more complex accounting matters.

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

Draft - For Discussion
Purposes Only

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

2024-002 Budgetary Compliance

Criteria: Each year, the District’s Board of Trustees adopts legal budgets for the General Fund, the Child Nutrition Fund, and the Debt Service Fund. These functional level appropriations are considered expenditure limits set by law.

Condition Found: For the year ended August 31, 2024, expenditures in the Facilities Acquisition & Construction function line item exceeded budgeted appropriations in the General Fund by \$1,143,000.

Cause: The needed budget amendments were either not known by year-end or not brought timely for approval.

Effect: The effect of this condition is a technical noncompliance with the legally adopted appropriations budget.

Recommendation: We recommend the budget-to-actual expenditure amounts be closely monitored during the year and needed budget amendments be brought to the board as needed to be considered for approval.

Prior year financial statement findings as required to be restated with current status:

2023-001 Accounting and Financial Reporting (Significant Deficiency)

Criteria: As part of the regular accounting and financial reporting process, the account balances of the general ledger should be reviewed and monitored on an ongoing basis in order to ensure their accuracy and provide for good financial reporting. This review process is particularly important at year-end during the preparation of the account records for external financial reporting.

Condition Found: The audit resulted in an excessive amount of adjusting journal entries being applied to the books of the organization to correct various areas of accounting such as state and federal grants, beginning account balances, and bank reconciliations. For the financial internal controls of an organization to be considered adequate the organization should be able to prepare its own accounting records or effectively outsource this function.

Cause: Beginning account balances were not verified for accuracy and during the year-end close, the state and federal grants were not closely reviewed for accurate reporting.

Effect: In order to correct these issues for accurate external financial reporting, several audit adjusting entries were required during the year.

Recommendation: We recommend the District receive assistance from the Education Service Center on more complex accounting matters such as these.

Current Status: We observed instances of significant deficiencies in the current year related to Accounting and Financial Reporting and this instance is noted at finding 2024-001.

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

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

2023-002	Negative Ending Fund Balance – General Fund (Material Noncompliance)
Criteria:	Texas state law indicates that negative fund balances are unlawful.
Condition Found:	As of year-end, the General Fund reported a fund balance of (\$264,722)
Cause:	Recapture costs were not accurately budgeted in conjunction with overall expenditures and revenues to alleviate the negative fund balance.
Effect:	The effect of this condition is noncompliance with Texas State Law.
Recommendation:	We recommend the District closely monitor state funding and budget to alleviate this negative fund balance.
Current Status:	We did not observe any instances of a negative fund balance in the General Fund for the year ended August 31, 2024.
2023-003	Budgetary Compliance
Criteria:	Each year the District’s Board of Trustees adopts an appropriations budget which limits expenditure amounts within specific line items that can be made by management.
Condition Found:	As of year-end, actual expenditure amounts in Function 71 of the General Fund exceeded appropriations by \$15,770.
Cause:	The needed budget amendments were either not known by year-end or not brought timely for approval.
Effect:	The effect of this condition is a technical noncompliance with the legally adopted appropriations budget.
Recommendation:	We recommend the budget-to-actual expenditure amounts be closely monitored during the year and needed budget amendments be brought to the board as needed to be considered for approval.
Current Status:	We observed an instance of budgetary non-compliance in the year ended August 31, 2024 and this is noted at finding 2024-002.

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

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

2023-004	State Bid Law Compliance (Material Noncompliance)
Criteria:	State procurement laws require purchases that exceed \$50,000 to be obtained through competitive vendor means.
Condition Found:	During our consideration of compliance with state purchasing laws, we noted the District did not have sufficient support that a fencing project was competitively bid out. A purchase of \$129,045 was made to Gulf Fence Company by soliciting bids that did not comply with competitive procurement methods as per state purchasing laws for purchases that exceed \$50,000.
Cause:	The District did not competitively bid this purchase as per state procurement laws.
Effect:	The District is not in compliance with state procurement laws.
Recommendation:	We recommend the District use a competitive acquisition method when a purchase will exceed \$50,000 in order to comply with state laws.
Current Status:	We did not note any instances of failure to comply with state bid law during the year ended August 31, 2024.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Uniform Guidance:

Not applicable.

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MATAGORDA ISD

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED AUGUST 31, 2024

Current Year Audit Findings:

2024-001 Accounting and Financial Reporting

Corrective Action Planned:

Describe corrective actions planned here. (Client Prepared)

Anticipated Completion Date: List a date or timeframe

Contact Person(s): Name(s) of client personnel responsible for corrective action

2024-002 Budgetary Compliance

Corrective Action Planned:

Describe corrective actions planned here. (Client Prepared)

Anticipated Completion Date: List a date or timeframe

Contact Persons: Name(s) of client personnel responsible for corrective action