

**PITTSBURG
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2024

PITTSBURG INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2024

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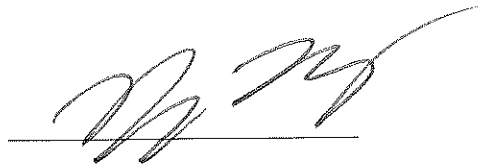
CERTIFICATE OF BOARD

Pittsburg Independent School District
Name of School District

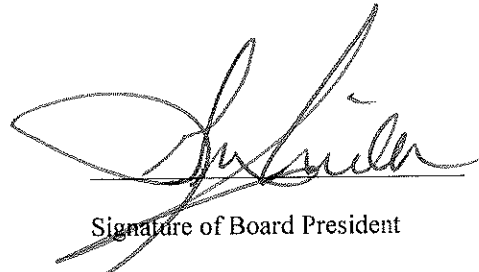
Camp
County

032-902
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 18th day of November, 2024.



Signature of Board Secretary



Signature of Board President

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



INDEPENDENT AUDITOR'S REPORT

Board of Trustees

Pittsburg Independent School District
Pittsburg, Texas

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 Pittsburg Independent School 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 thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability and contributions to TRS and net OPEB liability and contributions to OPEB on pages 4-12 and 50-57 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 and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. The information is in Exhibits identified in the Table of Contents as J-1, J-2, J-3 and J-4. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 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 District's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.
October 2, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the PITTSBURG Independent School District we offer readers of the PITTSBURG Independent School District's financial statements this narrative overview and analysis of the financial activities of the PITTSBURG Independent School District for the year ended August 31, 2024. The information presented here should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$27.1 million at August 31, 2024. During the year, the District's total revenues exceeded expenses by \$5.9 million as compared to \$4.1 million the prior year. Total expenses of the District were \$32.5 million for the year. Revenues were \$38.4 million, an increase of \$3.2 million. The increase includes \$4.1 million of insurance recovery related to fire damage to District buildings. Property tax revenue decreased \$1.8 million or 15% because of a reduction in the tax rate. State Aid revenue increased \$2.7 million. Operating grants decreased \$2 million due to a decrease in ESSER funds and a net decrease in the states proportionate share of pension costs. Expenses increased \$1.4 million mainly because of an increase in renovations costs related to fire damage to the administration and transportation warehouse building. Net pension and OPEB liabilities decreased \$954 thousand as compared to the prior year which decreased \$1.5 million.

Under accounting standards as per GASB 68, the District's portion of the net pension liability has been recorded on the government-wide statements. The District's portion of this liability and the related deferred outflow and inflow as of August 31, 2024 is a net liability of \$5.62 million which is an increase of \$609 thousand from the prior year.

Under accounting standards as per GASB 75, the District's portion of the net OPEB liability for TRS Care has been recorded in the government-wide statements. The District's portion of this liability and the related deferred outflow and inflow as of August 31, 2024 is a net liability of \$12.1 million which is a decrease of \$1.56 million from the prior year.

The District reported unassigned fund balance in the general fund of \$10.5 million at August 31, 2024, which is an increase of approximately \$588 thousand. Total revenue in the general fund was up \$4.9 million. Local revenue was up mainly due to decreased property tax revenue of \$1.8 million due to a decrease in the maintenance and operation tax rate and increased interest income of \$260 thousand and \$4.1 million in insurance recovery related to a fire at the administration and transportation building. Renovation of this building is underway. \$1.37 million of these funds have been spent by August 31, 2024. Expenditures of the general fund increased \$2.2 million. \$1.3 million of the increase is related to repairs and renovations from the damage. Instructional costs were up \$792 thousand due to increased payroll costs. State revenue was up \$2.6 million because of increased enrollment

Approximately \$328 thousand of new fixed assets were added this year. No new debt was obtained this year. \$1.15 million was paid on debt principal.

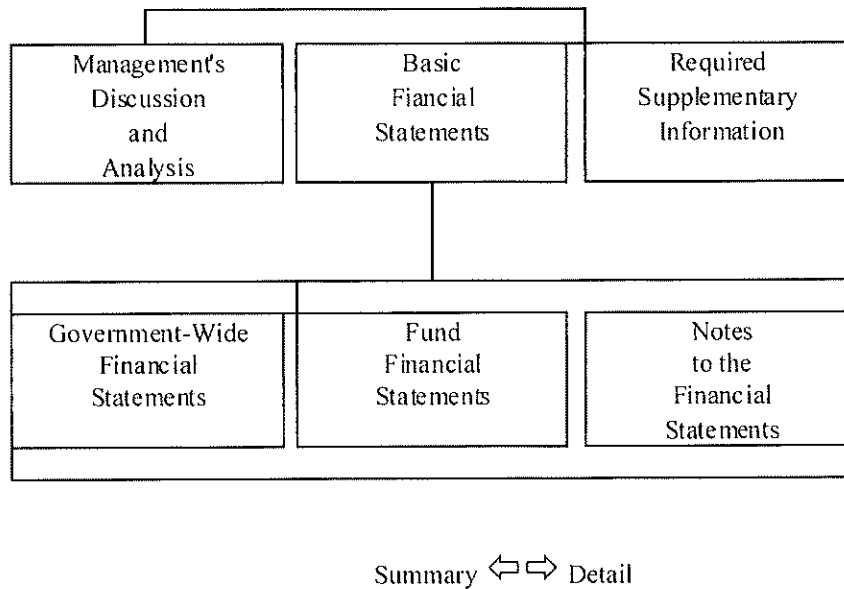
Approximately 96.5% of the taxes levied for 2023-2024 were collected by fiscal year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

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

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

(A) The District has no proprietary funds.

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, consideration should be given to additional non-financial factors such as changes in the District's tax base.

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was approximately \$27.1 million at August 31, 2024.

Table A-1
The District's Net Position
(in thousands of dollars)

	Governmental Activities	
	2024	2023
Current and other assets	20,659	15,447
Capital and non-current assets	39,043	40,211
TOTAL ASSETS	59,702	55,658
Deferred resource outflow related to TRS	3,384	3,336
Deferred resource outflow related to TRS OPEB	1,036	1,320
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,420	4,656
Long-term liabilities	26,086	27,048
Other liabilities	1,211	1,031
TOTAL LIABILITIES	27,297	28,079
Unavailable revenue-property taxes	250	158
Deferred resource inflow related to TRS	720	974
Deferred resource inflow related to TRS OPEB	8,681	9,851
TOTAL DEFERRED INFLOWS OF RESOURCES	9,651	10,983
Net position		
Invested in capital assets		
net of related debt	25,703	25,674
Restricted	7,678	3,328
Unrestricted	(6,207)	(7,750)
TOTAL NET POSITION	27,174	21,252

Net investment in capital assets reflects the book value of the District's capital assets in excess of the debt which financed those assets. Recording the OPEB liability, and the pension liability and deferred outflows and inflows related to them decreases unrestricted net position by \$12.1 million and \$5.6 million respectively. Insurance recovery funds not yet spent at year end of \$2.74 million is reflected as restricted for other purposes.

The \$7.7 million is restricted as follows:

Restricted for federal & state programs	879
Restricted for debt service	3,853
Restricted for other purposes	2,946
	<u>7,678</u>

Net position of the District's governmental activities increased \$5.9 million. The increase was the result of several factors. First, the increase of governmental fund balances was \$4.9 million. Second, the District paid \$1.15 million principal on long-term debt and acquired capital assets through purchase or construction of approximately \$326 thousand. Third, the District recorded depreciation of \$1.49 million. The net pension liability increased \$609 thousand. The net OPEB liability decreased \$1.56 million.

Changes in net position.

The District's total revenues were \$38.4 million.

The total cost of all programs was \$32.5 million.

Net position increased by \$5.9 million from the excess of revenues over expenses. Reasons for these differences are described on page 4.

Table A-2
The District's Changes in Net Position
(in thousands of dollars)

	Governmental Activities	
	2024	2023
Revenues		
<u>Program Revenues</u>		
Charges for Services	210	218
Operating Grants and Contributions	7,627	9,706
<u>General Revenues</u>		
Property Taxes	10,071	11,883
State aid - formula	15,317	12,597
Investment earnings	583	240
Insurance Recovery	4,115	-
Other	530	590
Total Revenues	<u>38,453</u>	<u>35,234</u>
Expenses		
Instruction and instructional related	17,325	17,135
Instructional leadership/school administration	2,305	2,375
Guidance, social work, health, transportation	2,263	2,224
Food services	1,822	2,049
Extracurricular activities	1,430	1,358
General Administration	1,278	1,126
Plant maintenance and security	4,954	3,775
Data processing services	505	402
Debt service	382	413
Facilities Acquisition & construction	3	-
Other governmental charges	264	269
Total Expenses	<u>32,531</u>	<u>31,126</u>
Increase (Decrease) in Net Position	5,922	4,108
Beginning Net Position	21,252	17,144
Ending Net Position	<u>27,174</u>	<u>21,252</u>

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

- The cost of all *governmental* activities this year was \$32.5 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$10.07 million.
- Some of the cost was paid by those who directly benefited from the programs \$219⁰ thousand, state aid of \$15.3 million, and operating grants of \$7.6 million.

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

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction	17,325	17,135	13,237	12,150
School administration	2,305	2,375	1,871	1,796
Plant Maintenance & Operations	4,954	3,775	4,624	2,710
Debt Service-Interest & Fiscal Charges	382	413	382	417

As discussed above, payroll costs increased because of additional employees and retention incentive pay.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported fund balance in its governmental funds of approximately \$18.5 million reflecting a net increase of \$4.93 million. The general fund balance increased \$3.33 million.

The general fund revenue increased about \$4.9 million more than the prior year. Variances are discussed on page 4. Insurance recovery of \$4.1 million explains most of this.

The food service fund balance is now \$879 thousand, an increase of \$303 thousand, as compared to a \$314 thousand decrease the prior year. Revenues were up about \$85 thousand or 4%. Expenditures were down \$532 thousand as capital outlay costs were down \$485 thousand. The debt service fund increased \$1.1 million as compared to \$817 thousand the prior year. Property tax revenue increased \$84 thousand or 4%. State revenue increased \$134 thousand and interest income increased \$73 thousand.

General Fund Budgetary Highlights

Several budget amendments were made during the year. With these amendments, actual expenditures were less than budgeted by approximately \$3.3 million. Most of the variance is in function 51 where insurance proceeds were received and budgeted to be spent related to building renovations related to fire damage that was not completed by year end. Actual revenues were more than budget by \$7 thousand. Fund balance increased \$3.3 million mainly because of \$2.75 million of insurance recovery funds not yet spent at year end. This project will be completed by the end of December 2024 and all insurance proceeds will be spent .

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	Governmental Activities	
	2024	2023
Land	511	511
Buildings and improvements	55,743	55,699
Furniture and equipment	8,684	8,458
Totals at historical cost	64,938	64,668
Total accumulated depreciation	(25,895)	(24,457)
Net capital assets	39,043	40,211

The District added some buses and a truck this year.

Long-Term Debt

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

	Governmental	
	2024	2023
Bonds payable	13,341	14,536
Notes payable	-	-
Total bonds and notes payable	13,341	14,536

No new debt was obtained this year. Principal payments of \$1.15 million were made this year. Subsequent to year end, the District issued the Series 2024 Unlimited Tax School Buildings Bonds for Junior High and High School construction and renovation. \$67.145 million was received in September, 2024.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The district's elected and appointed officials considered many factors when setting the fiscal year 2025 budget and tax rates. Most of these factors are based on State funding implications and Tax Rate Compression limits.

Camp County, Texas's estimated 2024 population is 13,279 with a growth rate of 2.15% in the past year according to the most recent United States census data. Camp County, Texas is the 148th largest county in Texas. The 2010 population was 12,396 and has seen a growth of 7.12% since that time with a median age of 39 and a median household income of \$53,968.

Camp County, TX borders Upshur County, Wood County, Franklin County, Morris County and Titus County.

The enrollment of students at the district was 2,223 on the first day of school for the 2024-25 school year and 2,212 on the first day of school for the 2023-24 school year, which gives an estimated increase of eleven students for the 2024-25 school year as of August 2024. As of September 2024, enrollment was 2,266, which indicates an increasing enrollment. The student attendance fluctuates monthly but overall has greatly improved in the last two years. The board of trustees monitors the enrollment on a monthly basis.

The tax rate for the 2024-25 school year was set by the board of trustees at \$0.6669 for maintenance operations plus \$0.45 for debt service resulting in a total tax rate of \$1.1169 per \$100 of valuation, which increased, from the previous year due to voter approved bonds in May 2024. The total taxable value as reported by the Camp Central Appraisal District increased by \$77.26mm giving a total taxable value of \$1,325,827,537. The total appraised value of all property increased by \$146.10mm giving a total appraised value of \$2,557,060,669. The average taxable values of residences increased from to \$86,118 to \$99,203. There will be a \$360 increase in taxes due on an average residence compared to the previous year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the PITTSBURG Independent School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the District's Central Business Office.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

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

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 17,835,002
1210 Property Taxes - Current	1,829,007
1230 Allowance for Uncollectible Taxes	(914,503)
1240 Due from Other Governments	1,876,962
1260 Internal Balances	32,000
Capital Assets:	
1510 Land	510,557
1520 Buildings, Net	35,472,119
1530 Furniture and Equipment, Net	3,060,642
1000 Total Assets	59,701,786
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS Pension	3,383,817
1706 Deferred Outflow Related to TRS OPEB	1,036,419
1700 Total Deferred Outflows of Resources	4,420,236
LIABILITIES	
2110 Accounts Payable	70,322
2160 Accrued Wages Payable	1,080,138
2200 Accrued Expenses	22,175
2300 Unearned Revenue	38,032
Noncurrent Liabilities:	
2501 Due Within One Year: Loans, Note, Leases, etc. Due in More than One Year:	1,185,000
2502 Bonds, Notes, Loans, Leases, etc.	12,155,561
2540 Net Pension Liability (District's Share)	8,281,942
2545 Net OPEB Liability (District's Share)	4,463,748
2000 Total Liabilities	27,296,918
DEFERRED INFLOWS OF RESOURCES	
2601 Unavailable Revenue - Property Taxes	249,600
2605 Deferred Inflow Related to TRS Pension	720,154
2606 Deferred Inflow Related to TRS OPEB	8,681,014
2600 Total Deferred Inflows of Resources	9,650,768
NET POSITION	
3200 Net Investment in Capital Assets and Right-to-Use Lease Assets Restricted:	25,702,757
3820 Restricted for Federal and State Programs	878,822
3850 Restricted for Debt Service	3,853,139
3890 Restricted for Other Purposes	2,946,384
3900 Unrestricted	(6,206,766)
3000 Total Net Position	\$ 27,174,336

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

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

FOR THE YEAR ENDED AUGUST 31, 2024					Net (Expense) Revenue and Changes in Net Position	
Data Control Codes	1	Program Revenues		3	4	6
				Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
	Expenses					
Primary Government:						
GOVERNMENTAL ACTIVITIES:						
11	Instruction	\$ 16,883,806	\$ -	\$ 4,077,909	\$ (12,805,897)	
12	Instructional Resources and Media Services	344,913	-	11,217	(333,696)	
13	Curriculum and Instructional Staff Development	97,063	-	-	(97,063)	
21	Instructional Leadership	183,349	-	70,342	(113,007)	
23	School Leadership	2,121,494	-	503,921	(1,617,573)	
31	Guidance, Counseling, and Evaluation Services	445,465	-	192,199	(253,266)	
32	Social Work Services	2,070	-	-	(2,070)	
33	Health Services	334,380	-	299,254	(35,126)	
34	Student (Pupil) Transportation	1,480,428	-	188,885	(1,291,543)	
35	Food Services	1,822,145	85,967	1,895,420	159,242	
36	Extracurricular Activities	1,429,700	103,153	33,652	(1,292,895)	
41	General Administration	1,278,283	-	33,652	(1,244,631)	
51	Facilities Maintenance and Operations	4,210,758	20,600	135,793	(4,054,365)	
52	Security and Monitoring Services	742,731	-	173,440	(569,291)	
53	Data Processing Services	505,208	-	11,217	(493,991)	
72	Debt Service - Interest on Long-Term Debt	377,016	-	-	(377,016)	
73	Debt Service - Bond Issuance Cost and Fees	5,101	-	-	(5,101)	
81	Capital Outlay	3,501	-	-	(3,501)	
99	Other Intergovernmental Charges	263,512	-	-	(263,512)	
[TP] TOTAL PRIMARY GOVERNMENT:		\$ 32,530,923	\$ 209,720	\$ 7,626,901	(24,694,302)	
Data Control Codes	General Revenues:					
	Taxes:					
MT	Property Taxes, Levied for General Purposes				7,727,997	
DT	Property Taxes, Levied for Debt Service				2,342,885	
SF	State Aid - Formula Grants				15,317,387	
GC	Insurance Recovery				4,115,172	
IE	Investment Earnings				583,464	
MI	Miscellaneous Local and Intermediate Revenue				251,074	
FR	Gifts				278,210	
TR	Total General Revenues & Transfers				30,616,189	
CN	Change in Net Position				5,921,887	
NB	Net Position - Beginning				21,252,449	
NE	Net Position - Ending				\$ 27,174,336	

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

**GOVERNMENTAL FUND FINANCIAL
STATEMENTS**

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 12,976,936	\$ 3,853,139	\$ 1,004,927	\$ 17,835,002
1210 Property Taxes - Current	1,463,206	365,801	-	1,829,007
1230 Allowance for Uncollectible Taxes	(731,603)	(182,900)	-	(914,503)
1240 Due from Other Governments	1,750,636	-	126,326	1,876,962
1260 Due from Other Funds	32,000	-	-	32,000
1000 Total Assets	<u>\$ 15,491,175</u>	<u>\$ 4,036,040</u>	<u>\$ 1,131,253</u>	<u>\$ 20,658,468</u>
LIABILITIES				
2110 Accounts Payable	\$ 58,400	\$ -	\$ 11,922	\$ 70,322
2160 Accrued Wages Payable	1,080,138	-	-	1,080,138
2200 Accrued Expenditures	22,420	-	(245)	22,175
2300 Unearned Revenue	-	-	38,032	38,032
2000 Total Liabilities	<u>1,160,958</u>	<u>-</u>	<u>49,709</u>	<u>1,210,667</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	731,603	182,901	-	914,504
2600 Total Deferred Inflows of Resources	<u>731,603</u>	<u>182,901</u>	<u>-</u>	<u>914,504</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	878,822	878,822
3480 Retirement of Long-Term Debt	-	3,853,139	-	3,853,139
3490 Other Restricted Fund Balance	-	-	202,722	202,722
Committed Fund Balance:				
3510 Construction	3,059,189	-	-	3,059,189
3540 Self Insurance	2,589	-	-	2,589
3600 Unassigned Fund Balance	10,536,836	-	-	10,536,836
3000 Total Fund Balances	<u>13,598,614</u>	<u>3,853,139</u>	<u>1,081,544</u>	<u>18,533,297</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 15,491,175</u>	<u>\$ 4,036,040</u>	<u>\$ 1,131,253</u>	<u>\$ 20,658,468</u>

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

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

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 18,533,297
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$64,667,874 and the accumulated depreciation was (\$24,457,053). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position. Note: Beginning Balances related to TRS are NOT included in this amount.	25,674,401
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2024 capital outlays and debt principal payments is to increase net position.	1,476,025
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS was a Deferred Resource Outflow in the amount of \$3,336,139, a Deferred Resource Inflow in the amount of \$974,372 and a net pension liability in the amount of \$7,371,228. The impact of this on Net Position is (\$5,009,461). Changes in the plan reported by TRS plan resulted in a decrease in net position in the amount of \$(608,818). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$5,618,279).	(5,618,279)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 75. At the beginning of the year, the net position related to the OPEB was a Deferred Resource Outflow in the amount of \$1,319,535, a Deferred Resource Inflow in the amount of \$9,851,342 and a net OPEB liability in the amount of \$5,140,082. The impact of this on Net Position is (\$13,671,889). Changes in the OPEB reported by TRS for this measurement period resulted in an increase in net position in the amount of \$1,563,546. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$12,108,343).	(12,108,343)
5 The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,493,528)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	710,763
19 Net Position of Governmental Activities	\$ 27,174,336

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 12,664,461	\$ 2,457,824	\$ 386,237	\$ 15,508,522
5800 State Program Revenues	16,530,445	224,059	422,834	17,177,338
5900 Federal Program Revenues	47,631	-	5,935,231	5,982,862
5020 Total Revenues	<u>29,242,537</u>	<u>2,681,883</u>	<u>6,744,302</u>	<u>38,668,722</u>
EXPENDITURES:				
Current:				
0011 Instruction	13,580,254	-	3,230,642	16,810,896
0012 Instructional Resources and Media Services	323,629	-	-	323,629
0013 Curriculum and Instructional Staff Development	97,063	-	-	97,063
0021 Instructional Leadership	113,007	-	70,342	183,349
0023 School Leadership	1,822,391	-	357,202	2,179,593
0031 Guidance, Counseling, and Evaluation Services	292,471	-	204,011	496,482
0032 Social Work Services	2,070	-	-	2,070
0033 Health Services	58,049	-	288,037	346,086
0034 Student (Pupil) Transportation	1,313,937	-	132,500	1,446,437
0035 Food Services	47,637	-	1,812,598	1,860,235
0036 Extracurricular Activities	1,299,126	-	-	1,299,126
0041 General Administration	1,295,391	-	-	1,295,391
0051 Facilities Maintenance and Operations	4,207,464	-	-	4,207,464
0052 Security and Monitoring Services	629,922	-	128,273	758,195
0053 Data Processing Services	516,914	-	-	516,914
Debt Service:				
0071 Principal on Long-Term Liabilities	-	1,150,000	-	1,150,000
0072 Interest on Long-Term Liabilities	-	422,875	-	422,875
0073 Bond Issuance Cost and Fees	-	5,101	-	5,101
Capital Outlay:				
0081 Facilities Acquisition and Construction	47,291	-	18,210	65,501
Intergovernmental:				
0099 Other Intergovernmental Charges	263,512	-	-	263,512
6030 Total Expenditures	<u>25,910,128</u>	<u>1,577,976</u>	<u>6,241,815</u>	<u>33,729,919</u>
1200 Net Change in Fund Balances	3,332,409	1,103,907	502,487	4,938,803
0100 Fund Balance - September 1 (Beginning)	<u>10,266,205</u>	<u>2,749,232</u>	<u>579,057</u>	<u>13,594,494</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 13,598,614</u>	<u>\$ 3,853,139</u>	<u>\$ 1,081,544</u>	<u>\$ 18,533,297</u>

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

PITTSBURG 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

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 4,938,803
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2024 capital outlays and debt principal payments is to decrease net position.	1,476,025
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(1,493,528)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	45,859
Current year changes due to GASB 68 resulted in a net effect on the change in the ending net position as a decrease in the amount of \$(608,818).	(608,818)
Current year changes due to GASB 75 resulted in a net effect on the change in the ending net position as an increase in the amount of \$1,563,546.	1,563,546
Change in Net Position of Governmental Activities	<u>\$ 5,921,887</u>

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 7,602,262	\$ 11,717,434	\$ 12,664,461	\$ 947,027
5800	State Program Revenues	17,321,805	17,321,805	16,530,445	(791,360)
5900	Federal Program Revenues	200,000	200,000	47,631	(152,369)
5020	Total Revenues	25,124,067	29,239,240	29,242,537	3,297
EXPENDITURES:					
Current:					
0011	Instruction	13,671,941	13,704,414	13,580,254	124,160
0012	Instructional Resources and Media Services	340,903	341,093	323,629	17,464
0013	Curriculum and Instructional Staff Development	85,739	100,740	97,063	3,677
0021	Instructional Leadership	116,889	117,043	113,007	4,036
0023	School Leadership	2,076,980	1,916,897	1,822,391	94,506
0031	Guidance, Counseling, and Evaluation Services	322,164	304,881	292,471	12,410
0032	Social Work Services	1,800	2,100	2,070	30
0033	Health Services	301,043	208,168	58,049	150,119
0034	Student (Pupil) Transportation	1,274,657	1,774,450	1,313,937	460,513
0035	Food Services	28,091	88,391	47,637	40,754
0036	Extracurricular Activities	1,287,319	1,304,603	1,299,126	5,477
0041	General Administration	1,303,452	1,385,329	1,295,391	89,938
0051	Facilities Maintenance and Operations	3,090,910	6,385,390	4,207,464	2,177,926
0052	Security and Monitoring Services	528,885	631,786	629,922	1,864
0053	Data Processing Services	394,926	604,451	516,914	87,537
Capital Outlay:					
0081	Facilities Acquisition and Construction	3,361	74,504	47,291	27,213
Intergovernmental:					
0099	Other Intergovernmental Charges	295,000	295,000	263,512	31,488
6030	Total Expenditures	25,124,060	29,239,240	25,910,128	3,329,112
1200	Net Change in Fund Balances	7	-	3,332,409	3,332,409
0100	Fund Balance - September 1 (Beginning)	10,266,205	10,266,205	10,266,205	-
3000	Fund Balance - August 31 (Ending)	\$ 10,266,212	\$ 10,266,205	\$ 13,598,614	\$ 3,332,409

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

FIDUCIARY FUND FINANCIAL STATEMENTS

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

	Total Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 305,862
Total Assets	<u>305,862</u>
LIABILITIES	
Due to Other Funds	<u>32,000</u>
Total Liabilities	<u>32,000</u>
NET POSITION	
Restricted for Other Purposes	<u>273,862</u>
Total Net Position	<u><u>\$ 273,862</u></u>

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

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

	Total Custodial Funds
ADDITIONS:	
Received from Student Groups	\$ 560,151
Earnings from Temporary Deposits	10,124
Contributions, Gifts and Donations	71,867
Total Additions	<u>642,142</u>
DEDUCTIONS:	
Supplies and Materials	496,086
Other Deductions	115,859
Total Deductions	<u>611,945</u>
Change in Fiduciary Net Position	30,197
Total Net Position - September 1 (Beginning)	<u>243,665</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 273,862</u></u>

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

PITTSBURG INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PITTSBURG INDEPENDENT SCHOOL DISTRICT (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

Other Post-Employment Benefits. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

PITTSBURG INDEPENDENT SCHOOL DISTRICT applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The District's investments are accounted for using the cost amortization method.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There is a Public Facility Corporation that is a blended component unit. The PFC was created to obtain financing to construct a new Cafetorium. This has now been paid off and the PFC has been terminated this year. The fixed assets have been transferred to the District.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the PITTSBURG INDEPENDENT SCHOOL DISTRICT and its component unit's non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other inter-governmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. Direct costs are those that are clearly identifiable with a specific function. Program revenues of the District include charges for services and operating grants and contributions. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

D. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, equity, revenues and expenditures.

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Funds** -- The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

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

Fiduciary Funds:

1. **Custodial Fund** - The District accounts for resources held for others in a custodial capacity in custodial funds. These funds are used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. This change resulted in reporting the detail of additions to and deductions from custodial funds causing a change in the fund net position whereas these details were not reported for agency funds. This change is a result of the implementation of GASB 84. The District's Custodial Fund is made up of student group funds.

E. OTHER ACCOUNTING POLICIES

1. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
2. Capital assets, which include land, buildings, furniture and equipment is reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Buildings, furniture and equipment of the District and the component units are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-50
Vehicles	10
Office Equipment	10
Computer Equipment	5

3. Some cash and investments are restricted for future debt payments.
4. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent tentative management plans that are subject to change.
5. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
6. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.
7. School Districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.
8. Investments are carried at fair value.
9. Fund balance measures the net financial resources available to finance expenditures of future periods.

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the Board of Trustees.

Fund balance of the District may be committed for a specific source by formal action of the Pittsburg ISD Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Pittsburg ISD Board of Trustees.

When it is appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent.

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, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

10. **Deferred Outflows/Inflows of Resources**—The District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended August 31, 2013. The District implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions for the year ended August 31, 2015. The District implemented GASB Statement No. 75 Accounting and Financial Reporting for Other Post-Employment Benefits for the year ended August 31, 2018. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three types of items that qualify for reporting in this category, deferred charge for refunding bonded indebtedness and deferred outflows related to TRS as per GASB 68 related to pension accounting, and related to TRS OPEB related to TRS Care. These will be recognized as an outflow of resources in the subsequent years as they are amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category, property taxes and deferred inflows related to TRS, and related to TRS Care. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
District				
Land	510,557	-	510,557	
Buildings & Improvements	55,699,573	(19,165,320)	36,534,253	
Furniture & Equipment	8,457,744	(5,291,733)	3,166,011	
Construction in Progress	-	-	-	
Public Facility Corporation				
Buildings	-	-	-	
Change in Net Position	64,667,874	(24,457,053)		40,210,821

<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>	<u>Payable at the</u> <u>Beginning of the</u> <u>Year</u>	
District		
Bonds Payable	14,536,420	
Loans Payable	-	
Public Facility Corporation		
Bonds Payable	-	
	<u> </u>	<u>14,536,420</u>
Net Adjustment to Net Position		<u><u>25,674,401</u></u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to</u> <u>Changes in Net</u> <u>Position</u>	<u>Adjustments to</u> <u>Net Position</u>
<u>Current year Capital Outlay</u>			
Land	-	-	-
Buildings & Improvements	43,790	43,790	43,790
Furniture & Equipment	282,235	282,235	282,235
Total Capital Outlay	<u>326,025</u>	<u>326,025</u>	<u>326,025</u>
<u>Debt Principal Payments</u>			
Bond Principal	1,150,000	1,150,000	1,150,000
Loan Principal	-	-	-
Total Principal Payments	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,150,000</u>
Total Adjustment to Net Position		<u><u>1,476,025</u></u>	<u><u>1,476,025</u></u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Position	Adjustments to Net Position
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	193,919	(193,919)	-
Uncollected taxes (assumed collectible) from Current Year Levy	302,040	302,040	302,040
Uncollected Taxes (assumed collectible) from Prior Year Levy	362,864	-	362,864
Effect of prior year tax entries	108,121	(108,121)	-
 <u>Debt Activity</u>			
Premium amortization	45,859	45,859	45,859
Total		<u>45,859</u>	<u>710,763</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds if they are considered major funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-2 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2024
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	878,822
Nonappropriated Budget Funds	<u>202,722</u>
All Special Revenue Funds	<u><u>1,081,544</u></u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not allowing foreign currency investments.

As of August 31, 2024, the following are the District's cash and cash equivalents with respective maturities and credit rating:

<u>Type of Deposit</u>	<u>Fair Value</u>	<u>Percent</u>	<u>Maturity in Less than 1 year</u>	<u>Maturity in 1-10 Years</u>	<u>Maturity in Over 10 Years</u>	<u>Credit Rating</u>
Cash, Money Markets and FDIC Insured Accounts	\$ 18,140,864	100.0%	\$ 18,140,864	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 18,140,864</u>	<u>100%</u>	<u>\$ 18,140,864</u>	<u>\$ -</u>	<u>\$ -</u>	

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- Depository: Pilgrim Bank
- The market value of securities pledged as of the date of the highest combined balance on deposit was \$22,874,729.
- The highest combined balances of cash, savings, and time deposit accounts amounted to \$20,752,079 and occurred during the month of March, 2024.
- Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. PITTSBURG INDEPENDENT SCHOOL DISTRICT is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for PITTSBURG INDEPENDENT SCHOOL DISTRICT are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs).

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires all of the investment portfolio to have maturities of less than one year.

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

The District had no investments at August 31, 2024.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

D. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2024 consisted of the following individual fund balances:

Due to General Fund from:	
Trust and Agency Funds	32,000
	<u>32,000</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2024, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	1,463,206	1,750,636	32,000	-	3,245,842
Major Debt Service Fund	365,801	-	-	-	365,801
Nonmajor Governmental Funds	-	126,326	-	-	126,326
Total - Governmental Activities	<u>1,829,007</u>	<u>1,876,962</u>	<u>32,000</u>	<u>-</u>	<u>3,737,969</u>
Amounts not scheduled for collection during the subsequent year	<u>914,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>914,503</u>

Payables at August 31, 2024, were as follows:

	Accounts	Loans, Leases, and Bonds Payable- Current Year	Salaries and Benefits	Due to Other Funds	Due to Other Governments	Total Payables
Governmental Activities:						
General Fund	58,400	-	1,102,558	-	-	1,160,958
Nonmajor Gov. Funds	11,922	-	(245)	-	-	11,677
Total - Gov. Activities	<u>70,322</u>	<u>-</u>	<u>1,102,313</u>	<u>-</u>	<u>-</u>	<u>1,172,635</u>
Amounts not scheduled for payment during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

F. CAPITAL ASSET ACTIVITY

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

	Primary Government				Ending Balance
	Beginning Balance	Additions	Retirements	Adjustments	
Governmental Activities:					
District:					
Land	510,557	-	-	-	510,557
Buildings and Improvements	55,699,573	43,790	-	-	55,743,363
Construction in Progress	-	-	-	-	-
Furniture and Equipment	8,457,744	282,235	(55,176)	-	8,684,803
Totals at Historic Cost	64,667,874	326,025	(55,176)	-	64,938,723
Less Accumulated Depreciation for:					
Buildings and Improvements	(19,165,320)	(1,105,924)	-	-	(20,271,244)
Furniture and Equipment	(5,291,733)	(387,604)	55,176	-	(5,624,161)
Total Accumulated Depreciation	(24,457,053)	(1,493,528)	55,176	-	(25,895,405)
Governmental Activities Capital Assets, Net	40,210,821	(1,167,503)	-	-	39,043,318

Depreciation expense was charged to governmental functions as follows:

Instruction	854,517
Instructional Resources & Media Services	37,990
Student (Pupil) Transportation	204,005
Food Services	184,010
Cocurricular/ Extracurricular Activities	176,670
General Administration	18,011
Plant Maintenance and Operations	18,325
Total Depreciation Expense	1,493,528

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected as a long-term liability. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2013 were issued in July, 2013 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest ranges from 2.00% to 3.50%. Interest is repaid annually beginning in fiscal year 2015 and principal will begin being repaid in fiscal year 2019 and will continue until maturity in fiscal year 2031.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2016 were issued in August, 2016 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest ranges from 2.00% to 3.00%. Interest is repaid annually beginning in fiscal year 2017 and principal will begin being repaid in fiscal year 2017 and will continue until maturity in fiscal year 2036.

The Pittsburg Independent School District Unlimited Tax School Building Bonds, Series 2017 were issued in June, 2017 pursuant to Sections 45-001 and 45-003(b)(1), Texas Education Code, as amended. Proceeds from the sale of the bonds are being used to construct, renovate, and equip school buildings and to acquire sites, and to pay the cost of issuing the bonds. Interest is 3.00%. Interest is repaid annually beginning in fiscal year 2017 and principal will begin being repaid in fiscal year 2018 and will continue until maturity in fiscal year 2031.

G. BONDS PAYABLE (cont'd)

A summary of changes in long-term debt for the year ended August 31, 2024 is as follows:

Description	Interest Rate Payable	Payable		Issued	Retired	Outstanding 8/31/2024
		Amounts Original Issue	Amounts Outstanding 9/1/2023			
Unlimited Tax School Building Bonds Series 2013	2.00%-3.50%	9,450,000	6,365,000	-	(700,000)	5,665,000
Unlimited Tax School Building Bonds Series 2016	2.00%-3.00%	9,175,000	6,920,000	-	(345,000)	6,575,000
Unlimited Tax School Building Bonds Series 2017	3.00%	1,485,000	930,000	-	(105,000)	825,000
Unamortized Premium	Variable	720,741	321,420	-	(45,859)	275,561
			<u>14,536,420</u>	<u>-</u>	<u>(1,195,859)</u>	<u>13,340,561</u>

Debt service requirements are as follows:

Year Ended August 31	General Obligations		Total Requirements
	Principal	Interest	
2025	1,185,000	387,764	1,572,764
2026	1,220,000	351,513	1,571,513
2027	1,080,000	315,900	1,395,900
2028	1,115,000	280,900	1,395,900
2029	1,155,000	243,930	1,398,930
2030-2034	5,270,000	681,431	5,951,431
2035-2039	2,040,000	61,650	2,101,650
Total	<u>13,065,000</u>	<u>2,323,088</u>	<u>15,388,088</u>

H. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
Unlimited Tax Refunding					
Bonds, Series 2013	6,365,000	-	(700,000)	5,665,000	725,000
Unlimited Tax School Building					
Bonds, Series 2016	6,920,000	-	(345,000)	6,575,000	350,000
Unlimited Tax School Building					
Bonds, Series 2017	930,000	-	(105,000)	825,000	110,000
Unamortized Premium	321,420	-	(45,859)	275,561	45,859
Total Governmental Activities	<u>14,536,420</u>	<u>-</u>	<u>(1,195,859)</u>	<u>13,340,561</u>	<u>1,230,859</u>

The District has no unused lines of credit. No assets have been pledged as collateral for debt.

I. DEFINED BENEFIT PENSION PLAN

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

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.T

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefit to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provision for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code, Title 8, Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025. Contribution rates can be found in the TRS 2023 ACFR, Note 11, on page 88.

The following table shows contribution rates by type of contributor for the fiscal years 2023 and 2024 and the contributions by type of contributions reported by TRS which were received by TRS during the TRS measurement year (FY 2023). The reported contributions from the member and the employers are included in the calculation of the district's proportionate share of the net pension liability.

Contribution Rates

	<u>2023</u>	<u>2024</u>
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
District's Measurement Year Employer Contributions		\$ 865,949
District's Measurement Year Member Contributions		\$ 1,547,402
District's Measurement Year NECE (State) Contributions		\$ 1,126,615

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers are required to pay the employer contribution rate in the following instances:

- . On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- . During a new member's first 90 days of employment.
- . When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

In addition to the employer contributions listed above, there is a surcharge and employer is subject to:

- . All public schools must contribute 1.8 percent of the members' salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025. This surcharge amount is 1.9% for fiscal year 2023.
- . When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Net Pension Liability

Components of the net pension liability of the plan as of August 31, 2023 are disclosed below: (From TRS Annual Comprehensive Financial Report 2023, p. 89.)

Table 11.E.1: Net Pension Liability	
Components of Liability	Amount
Total Pension Liability	\$ 255,860,886,500
Less: Plan Fiduciary Net Position	(187,170,535,558)
Net Pension Liability	\$ 68,690,350,942
Net Position as Percentage of Total Pension Liability	73.15 %

Actuarial

Assumptions.

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions: Actuarial Assumptions can be found in the 2023 TRS ACFR, Note 11, page 89.

Table 11.F.1: Actuarial Methods and Assumptions	
Component	Result
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 methods and 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 TRS actuarial valuation report dated November 22, 2022.

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

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 (see page 56 of the 2023 TRS ACFR) are summarized below:

Table 3.A.1: Asset Allocations			
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-US 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 & Infrastructure	6.0	4.8	0.4
Commodities	0.0	4.4	0.0
Risk Parity	8.0	4.5	0.4
Asset Allocation Leverage			
Cash	2.0	3.7	0.0
Asset Allocation Leverage	(6.0)	4.4	(0.1)
Inflation Expectation			2.3
Volatility Drag****			(0.9)
Expected Return	100.0 %		8.0 %
* Absolute Return includes Credit Sensitive Investments.			
** Target allocations are based on the FY2023 policy model.			
*** Capital Market Assumptions come from Aon Hewitt (as of 6/30/2023).			
**** The volatility drag results from the conversion between arithmetic and geometric mean returns.			

Discount Rate Sensitivity Analysis. The following table presents the District's 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.

	1% Decrease in Discount Rate (6.00%)	Current Single Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability:	\$ 12,381,981	\$ 8,281,942	\$ 4,872,772

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2024, PITTSBURG INDEPENDENT SCHOOL DISTRICT reported a liability of \$8,281,942 for its proportionate share of the TRS's net pension liability.

This liability reflects a reduction for State pension support provided to PITTSBURG INDEPENDENT SCHOOL DISTRICT. The amount recognized by PITTSBURG INDEPENDENT SCHOOL DISTRICT as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with PITTSBURG INDEPENDENT SCHOOL DISTRICT were as follows:

District's Proportionate share of the collective net pension liability	\$ 8,281,942
State's Proportionate share that is associated with the District	15,055,252
Total	<u>\$ 23,337,194</u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023 the employer's proportion of the collective net pension liability was .0001205% which was a decrease of 3% from its proportion measured as of August 31, 2022.

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

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

For the year ended August 31, 2024, PITTSBURG INDEPENDENT SCHOOL DISTRICT recognized pension expense of \$1,735,433 and revenue of \$1,126,615 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2024, PITTSBURG 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: (The amounts shown below will be he cumulative layers from the current and prior years combined.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 295,088	\$ 100,285
Changes in actuarial assumptions	\$ 783,309	\$ 191,694
Net Difference between projected and actual investment earnings	\$ 1,205,224	\$ -
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	\$ 234,247	\$ 428,175
Contributions paid to TRS subsequent to the measurement date [to be calculated by the employer]	\$ 865,949	\$ -
Total	\$ 3,383,817	\$ 720,154

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

Year ended August 31:	Pension Expense Amount
2025	\$ 285,392
2026	184,898
2027	1,017,483
2028	298,688
2029	11,254
Thereafter	-

J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Summary of Significant Accounting Policies. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the Net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Plan Description. The PITTSBURG INDEPENDENT SCHOOL DISTRICT participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit other post-employment (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

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

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2022 as presented in the TRS 2022 ACFR (p. 76) are as follows:

Table 9.E.1: Net OPEB Liability	
Components of Liability	Amount
Total OPEB Liability	\$26,028,070,267
Less: Plan Fiduciary Net Position	(3,889,765,203)
Net OPEB Liability	\$22,138,305,064
Net Position as a Percentage of Total	
OPEB Liability	14.94%

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers, and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

The premium rates for retirees are presented 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

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

Texas Insurance Code, Section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor as reported for the district by TRS for the TRS measurement year. The district and member contributions reported are included in the calculation of the district's proportionate share of the Net TRS-Care liability for the measurement period.

<u>Contribution Rates</u>	
	<u>2023</u>
Active employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/private Funding Remitted by Employers	1.25%
District's Measurement Year Employer Contributions	\$ 140,673
District's Measurement Year Member Contributions	\$ 121,916
District's Measurement Year NECE (State) Contributions	\$ 211,055

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

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

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

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

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

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher 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.

Table 9.F.1: Actuarial Methods and Assumptions

Component	Result
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

From 2023 TRS ACFR, Note 9, page 79.

The initial medical trend rates were 8.50 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.

Discount Rate. A single discount rate of 4.13 percent was used to measure the total OPEB liability. This was an increase of 0.22 percent in the discount rate since the previous year. The Discount Rate can be found in the 2023 TRS ACFR on page 80. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Sensitivity of the Net OPEB Liability:

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the net OPEB liability.

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.131%)
District's proportionate share of the Net OPEB Liability	\$ 5,257,366	\$ 4,463,748	\$ 3,816,138

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the Net OPEB Liability	\$ 3,675,673	\$ 4,463,748	\$ 5,477,609

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At August 31, 2024, PITTSBURG INDEPENDENT SCHOOL DISTRICT reported a liability of \$4,463,748 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with PITTSBURG INDEPENDENT SCHOOL DISTRICT were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 4,463,748
State's proportionate share that is associated with the District	5,386,198
Total	<u>\$ 9,849,946</u>

The net OPEB liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023 the employer's proportion of the collective net OPEB liability was 0.0002163% compared to the 0.0002147% as of August 31, 2022. This is an increase of 0.7%.

Changes in Actuarial Assumptions Since the Prior Actuarial Valuation – The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period: These can be found in the 2023 TRS ACFR on page 80.

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.

Changes in Benefit Terms: There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2024, PITTSBURG INDEPENDENT SCHOOL DISTRICT recognized OPEB expense of (\$1,352,491) and revenue of \$211,055 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 201,951	\$ 3,755,399
Changes in actuarial assumptions	609,269	2,733,271
Net Difference between projected and actual investment earnings	1,928	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	82,598	2,192,344
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	140,673	-
Total	\$ 1,036,419	\$ 8,681,014

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

Year ended August 31:	OPEB Expense Amount
2025	\$ (1,756,241)
2026	(1,551,513)
2027	(1,274,339)
2028	(1,092,601)
2029	(793,196)
Thereafter	(1,317,377)

K. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

Retiree Health Care Coverage

Plan Description. PITTSBURG INDEPENDENT SCHOOL DISTRICT participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Texas Insurance Code Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by phoning the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet Website, www.trs.state.tx.us under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The Contribution Rate for the State was 1.25% for 2024, 2023, and 2022. The contribution rate for the district was 0.55% for each of these three years. The contribution rate for active employees was 0.65% of the district payroll for each of the three years. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribution 1.0 %.

Medicare Part D. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended August 31, 2024, 2023, and 2022 the subsidy payments received by TRS-Care on-behalf of the District were \$103,512, \$96,719, and \$74,457 respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Active Employee Health Care Coverage

Plan Description. The District participates in TRS Active Care sponsored by the Teacher Retirement System of Texas and administered through Aetna and Caremark (pharmacy). TRS-Active Care provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

L. HEALTH CARE COVERAGE

During the year ended August 31, 2024, employees of the Pittsburg Independent School District were covered by a health insurance plan (the Plan) with TRS ActiveCare. The District contributed \$200 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

Total annual premiums paid by the District for health care premiums 2023-2024 totaled \$580,800. There were no non-medical expenses in this total so this \$580,800 is the total maintenance of effort for 2023-2024.

Maintenance of Effort	
Total District Premium Paid for 2023-2024	580,800
Subtract non-medical expenditures	-
2023-2024 Maintenance of Effort	<u>580,800</u>

Changes in the balances of the claim liabilities during the past year for the workers' compensation plan are as follows:

	Year Ended August 31, 2023	Year Ended August 31, 2024
Unpaid claims, beginning of the year	1,825	1,688
Incurred claims (including IBNR'S)	1	192
Claim Payments	(138)	(222)
Unpaid claims, end of fiscal year	<u>1,688</u>	<u>1,658</u>

M. UNEARNED REVENUE

Unearned revenue at yearend consisted of the following:

	General Fund	Nonmajor Governmental Fund	Total
State Instructional Materials	-	38,032	38,032
Other	-	-	-
Total Unearned Revenue	-	38,032	38,032

N. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2024, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

<u>FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>OTHER</u>	<u>TOTAL</u>
General	1,750,636	-	-	1,750,636
Special Revenue	-	126,326	-	126,326
Debt Service	-	-	-	-
Total	1,750,636	126,326	-	1,876,962

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Nonmajor Governmental Fund	Major Debt Service Fund	Total
Property Taxes	7,762,216	-	2,308,666	10,070,882
Penalties, Interest and Other Tax- related Income	142,222	-	31,410	173,632
Investment Income	443,656	22,059	117,748	583,463
Food Sales	-	85,968	-	85,968
Co-curricular	110,928	-	-	110,928
Gifts	-	278,210	-	278,210
Insurance Recovery	4,115,172	-	-	4,115,172
Other	90,267	-	-	90,267
Total	12,664,461	386,237	2,457,824	15,508,522

P. DEFERRED INFLOWS OF RESOURCES

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

Q. RISK MANAGEMENT

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

R. COMMITMENTS AND CONTINGENCIES

The District has no significant commitments or contingencies at August 31, 2024.

S. LITIGATION

The District has no pending litigation at August 31, 2024.

T. SUBSEQUENT EVENTS

Administration has evaluated subsequent events through October 2, 2024, the financial statement issuance date. During September, 2024 proceeds from the \$67,145,000 Series 2024 Unlimited Tax School Building Bonds were received. Proceeds will be used to construct, renovate, improve, acquire and equip a junior high school, a high school and pay costs of issuing the Bonds.

REQUIRED SUPPLEMENTAL INFORMATION

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

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Pension Liability (Asset)	0.000120569%	0.000124163%	0.000120633%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 8,281,942	\$ 7,371,228	\$ 3,072,111
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	15,055,252	13,716,636	6,003,393
Total	<u>\$ 23,337,194</u>	<u>\$ 21,087,864</u>	<u>\$ 9,075,504</u>
District's Covered Payroll	\$ 18,756,369	\$ 18,232,195	\$ 17,793,964
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	44.16%	40.42%	17.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%

Note: GASB Codification, Vol. 2, P20.183 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2023 for year 2024, August 31, 2022 for year 2023, August 31, 2021 for year 2022, August 31, 2020 for year 2021, August 31, 2019 for year 2020, August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for year 2015.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>	<u>FY 2015</u> <u>Plan Year 2014</u>
0.000115178%	0.000125969%	0.000138776%	0.000143897%	0.000139912%	0.000148755%	0.00085087%
\$ 6,168,717	\$ 6,548,237	\$ 7,638,580	\$ 4,601,057	\$ 5,264,387	\$ 5,258,291	\$ 2,272,791
12,447,908	11,229,480	12,925,145	7,919,255	9,458,989	9,183,457	8,176,448
<u>\$ 18,616,625</u>	<u>\$ 17,777,717</u>	<u>\$ 20,563,725</u>	<u>\$ 12,520,312</u>	<u>\$ 14,723,376</u>	<u>\$ 14,441,748</u>	<u>\$ 10,449,239</u>
\$ 16,640,876	\$ 15,769,366	\$ 14,436,458	\$ 14,947,189	\$ 14,825,629	\$ 14,453,288	\$ 14,273,586
37.07%	41.53%	52.91%	30.78%	35.51%	36.38%	21.75%
75.54%	72.54%	73.74%	82.17%	78.00%	78.43%	83.25%

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 865,949	\$ 808,111	\$ 750,806
Contribution in Relation to the Contractually Required Contribution	(865,949)	(808,111)	(750,806)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 18,756,369	\$ 18,232,195	\$ 17,793,964
Contributions as a Percentage of Covered Payroll	4.62%	4.43%	4.21%

Note: GASB Codification, Vol. 2, P20.183 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

2021	2020	2019	2018	2017	2016	2015
\$ 680,315	\$ 636,311	\$ 599,766	\$ 631,249	\$ 621,337	\$ 574,786	\$ 570,524
(680,315)	(636,311)	(599,766)	(631,249)	(621,337)	(574,786)	(570,524)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 16,640,876	\$ 15,769,366	\$ 14,436,458	\$ 14,947,189	\$ 14,825,629	\$ 14,453,282	\$ 14,273,587
4.09%	4.04%	4.20%	4.22%	4.19%	3.98%	4.00%

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.0002163%	0.0002147%	0.0002148%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 4,463,748	\$ 5,140,082	\$ 8,285,915
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	5,386,198	6,270,092	11,101,280
Total	<u>\$ 9,849,946</u>	<u>\$ 11,410,174</u>	<u>\$ 19,387,195</u>
District's Covered Payroll	\$ 18,756,369	\$ 18,232,195	\$ 17,793,964
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	23.80%	28.19%	46.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. The amounts for FY 2024 are for the measurement date of August 31, 2023. The amounts for FY 2023 are for the measurement date of August 31, 2022. The amounts reported for FY 2022 are for measurement date August 31, 2021. The amounts reported for FY 2021 are for the measurement date of August 31, 2020. The amounts for FY 2020 are for the measurement date August 31, 2019. The amounts for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.00021497%	0.00021262%	0.000237363%	0.000278184%
\$ 8,171,869	\$ 10,055,036	\$ 11,851,785	\$ 12,097,164
10,981,034	13,360,895	12,325,010	11,243,664
<u>\$ 19,152,903</u>	<u>\$ 23,415,931</u>	<u>\$ 24,176,795</u>	<u>\$ 23,340,828</u>
\$ 16,640,876	\$ 15,769,366	\$ 14,436,458	\$ 14,947,189
49.11%	63.76%	82.09%	80.93%
4.99%	2.66%	1.57%	0.91%

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

	2024	2023	2022
Contractually Required Contribution	\$ 140,673	\$ 136,741	\$ 133,454
Contribution in Relation to the Contractually Required Contribution	(140,673)	(136,741)	(133,454)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 18,756,369	\$ 18,232,195	\$ 17,793,964
Contributions as a Percentage of Covered Payroll	0.75%	0.75%	0.75%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

2021		2020		2019		2018	
\$	124,807	\$	118,270	\$	108,274	\$	112,099
	(124,807)		(118,270)		(108,274)		(112,099)
\$	-	\$	-	\$	-	\$	-
\$	16,640,876	\$	15,769,366	\$	14,436,458	\$	14,947,189
	0.75%		0.75%		0.75%		0.75%

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

A. Notes to Schedules for the TRS Pension

Changes of Benefit terms.

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.

There were no changes in assumptions.

B. Notes to Schedules for the TRS OPEB Plan

Changes in Benefits.

There were no changes in benefits.

Changes in Assumptions.

The single discount rate changed from 3.91 percent as of August 31, 2022 to 4.13 percent as of August 31, 2023. This change decreased the total OPEB liability.

COMBINING SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

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

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 764,173
1240	Due from Other Governments	-	-	-	126,326
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 890,499</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 11,922
2200	Accrued Expenditures	-	-	-	(245)
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,677</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	878,822
3490	Other Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>878,822</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 890,499</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, B,2 Rural & Low Income	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,032	\$ -
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,032	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	38,032	-
-	-	-	-	-	-	38,032	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,032	\$ -

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

Data Control Codes	480 D. Julian Pilgrim Trust	481 Pilgrim's Pride Corp.	Total Nonmajor Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 200,000	\$ 2,722	\$ 1,004,927
1240 Due from Other Governments	-	-	126,326
1000 Total Assets	<u>\$ 200,000</u>	<u>\$ 2,722</u>	<u>\$ 1,131,253</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ -	\$ 11,922
2200 Accrued Expenditures	-	-	(245)
2300 Unearned Revenue	-	-	38,032
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>49,709</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	878,822
3490 Other Restricted Fund Balance	200,000	2,722	202,722
3000 Total Fund Balances	<u>200,000</u>	<u>2,722</u>	<u>1,081,544</u>
4000 Total Liabilities and Fund Balances	<u>\$ 200,000</u>	<u>\$ 2,722</u>	<u>\$ 1,131,253</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 108,027
5800 State Program Revenues	-	-	-	8,007
5900 Federal Program Revenues	901,137	552,256	11,128	1,999,051
5020 Total Revenues	901,137	552,256	11,128	2,115,085
EXPENDITURES:				
Current:				
0011 Instruction	707,273	552,256	11,128	-
0021 Instructional Leadership	70,342	-	-	-
0023 School Leadership	49,229	-	-	-
0031 Guidance, Counseling, and Evaluation Services	74,293	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	1,812,598
0052 Security and Monitoring Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	901,137	552,256	11,128	1,812,598
1200 Net Change in Fund Balance	-	-	-	302,487
0100 Fund Balance - September 1 (Beginning)	-	-	-	576,335
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 878,822

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA V, B, 2 Rural & Low Income	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	286,104	128,723
42,682	136,161	50,831	91,865	2,055,757	94,363	-	-
42,682	136,161	50,831	91,865	2,055,757	94,363	286,104	128,723
42,682	136,161	50,831	47,620	1,312,671	23,466	286,104	450
-	-	-	-	-	-	-	-
-	-	-	44,245	263,728	-	-	-
-	-	-	-	58,821	70,897	-	-
-	-	-	-	288,037	-	-	-
-	-	-	-	132,500	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	128,273
-	-	-	-	-	-	-	-
42,682	136,161	50,831	91,865	2,055,757	94,363	286,104	128,723
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	480 D. Julian Pilgrim Trust	481 Pilgrim's Pride Corp.	Total Nonmajor Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 278,210	\$ -	\$ 386,237
5800 State Program Revenues	-	-	422,834
5900 Federal Program Revenues	-	-	5,935,231
5020 Total Revenues	278,210	-	6,744,302
EXPENDITURES:			
Current:			
0011 Instruction	60,000	-	3,230,642
0021 Instructional Leadership	-	-	70,342
0023 School Leadership	-	-	357,202
0031 Guidance, Counseling, and Evaluation Services	-	-	204,011
0033 Health Services	-	-	288,037
0034 Student (Pupil) Transportation	-	-	132,500
0035 Food Services	-	-	1,812,598
0052 Security and Monitoring Services	-	-	128,273
Capital Outlay:			
0081 Facilities Acquisition and Construction	18,210	-	18,210
6030 Total Expenditures	78,210	-	6,241,815
1200 Net Change in Fund Balance	200,000	-	502,487
0100 Fund Balance - September 1 (Beginning)	-	2,722	579,057
3000 Fund Balance - August 31 (Ending)	\$ 200,000	\$ 2,722	\$ 1,081,544

REQUIRED T.E.A. SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2015 and prior years	Various	Various	\$ Various
2016	1.040000	0.126300	686,697,591
2017	1.040000	0.200000	702,385,403
2018	1.040000	0.200000	735,461,774
2019	1.040000	0.200000	799,590,968
2020	0.970000	0.200000	835,799,573
2021	0.943700	0.200000	903,823,118
2022	0.887800	0.200000	984,332,046
2023	0.854600	0.200000	1,146,908,401
2024 (School year under audit)	0.669200	0.200000	1,194,702,140
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

(10) Beginning Balance 9/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2024	(99) Taxes Refunded Under Section 26.1115c
\$ 379,729	\$ -	\$ 12,584	\$ 2,397	\$ -	\$ 364,748	
48,100	-	1,962	377	-	45,761	
56,099	-	3,671	705	-	51,723	
74,240	-	4,823	928	-	68,489	
82,229	-	6,326	1,216	-	74,687	
97,554	-	6,836	1,409	-	89,309	
197,598	-	12,115	2,570	-	182,913	
248,808	-	15,956	3,594	-	229,258	
461,019	-	94,366	22,084	-	344,569	
-	10,384,351	7,603,577	2,273,386	(129,838)	377,550	
<u>\$ 1,645,376</u>	<u>\$ 10,384,351</u>	<u>\$ 7,762,216</u>	<u>\$ 2,308,666</u>	<u>\$ (129,838)</u>	<u>\$ 1,829,007</u>	

\$ 8,421

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 84,750	\$ 84,750	\$ 108,027	\$ 23,277
5800 State Program Revenues	8,500	8,500	8,007	(493)
5900 Federal Program Revenues	1,767,501	1,911,012	1,999,051	88,039
5020 Total Revenues	1,860,751	2,004,262	2,115,085	110,823
EXPENDITURES:				
Current:				
0035 Food Services	1,860,751	2,004,262	1,812,598	191,664
6030 Total Expenditures	1,860,751	2,004,262	1,812,598	191,664
1200 Net Change in Fund Balances	-	-	302,487	302,487
0100 Fund Balance - September 1 (Beginning)	576,335	576,335	576,335	-
3000 Fund Balance - August 31 (Ending)	\$ 576,335	\$ 576,335	\$ 878,822	\$ 302,487

PITTSBURG 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

FOR THE YEAR ENDED AUGUST 31, 2024					
Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700 Total Local and Intermediate Sources	\$ 2,285,940	\$ 2,285,940	\$ 2,457,824	\$	171,884
5800 State Program Revenues	100	100	224,059		223,959
5020 Total Revenues	2,286,040	2,286,040	2,681,883		395,843
EXPENDITURES:					
Debt Service:					
0071 Principal on Long-Term Liabilities	1,857,665	1,857,665	1,150,000		707,665
0072 Interest on Long-Term Liabilities	422,875	422,875	422,875		-
0073 Bond Issuance Cost and Fees	5,500	5,500	5,101		399
6030 Total Expenditures	2,286,040	2,286,040	1,577,976		708,064
1200 Net Change in Fund Balances	-	-	1,103,907		1,103,907
0100 Fund Balance - September 1 (Beginning)	2,749,232	2,749,232	2,749,232		-
3000 Fund Balance - August 31 (Ending)	\$ 2,749,232	\$ 2,749,232	\$ 3,853,139	\$	1,103,907

PITTSBURG INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024

Section A: Compensatory Education Programs

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	2712941
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	2358305

Section B: Bilingual Education Programs

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	295285
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	245323

**REPORTS ON INTERNAL CONTROL,
COMPLIANCE, AND FEDERAL AWARDS**



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

Board of Trustees
Pittsburg Independent School District
Pittsburg, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pittsburg Independent School 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 October 2, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 2, 2024

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

Board of Trustees
Pittsburg Independent School District
Pittsburg, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

October 2, 2024

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

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Pittsburgh Independent School District was an unmodified opinion.
- b. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. NONE
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee. NONE
- d. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. NONE
- e. The type of report the auditor issued on compliance for major programs. unmodified opinion
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under "Uniform Guidance under section 200.516 Audit Findings paragraph (a)" as required by Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). : NONE
- g. An identification of major programs: ESEA Title I, Part A Federal Assistance Listing Number 84.010A and ARP ESSER III Federal Assistance Listing Number 84.425U.
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. A statement as to whether the auditee qualified as a low-risk auditee. Yes

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

NONE

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

None

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

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

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

CORRECTIVE ACTION

N/A

The contact at the District is Julie Wetzel at (903) 856-3628.

PITTSBURG INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2024

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Texas Education Agency</u>			
ESEA, Title II, Part A, Teacher Principal Training	84.367 A	241694501032902	\$ 136,161
ESEA, Title V, Part B, 2 - Rural & Low Income Prog.	84.358 A	241696001032902	91,865
ESEA, Title I, Part A - Improving Basic Programs	84.010 A	24610101032902	901,137
*IDEA - Part B, Formula	84.027 A	246600010329026600	552,256
*IDEA - Part B, Preschool	84.173 A	246610010329026610	11,128
Total Special Education Cluster (IDEA)			563,384
Career and Technical - Basic Grant	84.048 A	24420006032902	42,682
Title III, Part A - English Language Acquisition	84.365 A	24671001032902	50,831
ESEA Title IV, Part A	84.424 A	24680101032902	94,363
ARP - ESSER III - School Emergency Relief	84.425 U	21528001032902	2,055,757
Total Passed Through Texas Education Agency			3,936,180
TOTAL U.S. DEPARTMENT OF EDUCATION			3,936,180
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	330,904
*National School Lunch Program - Cash Assistance	10.555	N/A	1,453,764
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	126,428
Total Assistance Listing Number 10.555			1,580,192
Total Child Nutrition Cluster			1,911,096
Child & Adult Care Food Program - Cash Assistance	10.558	N/A	87,955
Total Passed Through the Texas Department of Agriculture			1,999,051
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,999,051
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,935,231
*Clustered Programs			

PITTSBURG INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS YEAR ENDED AUGUST 31, 2024

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*.
- **General Fund** - is used to account for, among other things, resources related to the United States Department of Defense ROTC program and the United States Department of Education's Impact Aid.
- **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.
- The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, 3 CFR Section 200.343(b).
- Assistance Listing numbers for commodity assistance are the Assistance Listing numbers of the programs under which USDA donated the commodities.
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$0
- The District did not elect to use the 10% de minimis indirect cost rate.
- Reconciliation Information:

Amount reported on the Schedule of Expenditures of Federal awards.	\$ 5,935,231
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SHARS Revenue reported in the General Fund	47,631
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Federal Program Revenue Reported on Exhibit C-3	<u>5,982,862</u>
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Total Federal Program Revenue	<u><u>\$5,982,862</u></u>
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SCHOOLS FIRST QUESTIONNAIRE

PITTSBURG INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2024

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 payments were not made or warrant hold not cleared within 30 days of when due, then payments are NOT timely.)	Yes
SF4	Was the school district issued a warrant hold? (Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, answer is still YES.)	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 and/or substantial doubt about the district's ability to continue as a going concern?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding 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.	0