



**SHARYLAND
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2024**

PREPARED BY

**BURTON MCCUMBER &
LONGORIA, LLP**



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INTRODUCTORY SECTION

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**SHARYLAND INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS
JUNE 30, 2024**

BOARD OF TURSTEES

MARITZA VENECIA	PRESIDENT
HECTOR RIVERA	VICE PRESIDENT
DAVID KEITH	SECRETARY
MEAGAN SULLIVAN	ASSISTANT SECRETARY
JULIO CERDA	MEMBER
DR. NOE OLIVEIRA	MEMBER
ANDREW RIDDLE	MEMBER

ADMINISTRATION

DR. ELAINE HOWARD	SUPERINTENDENT
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CERTIFICATE OF BOARD

SHARYLAND INDEPENDENT SCHOOL DISTRICT
HIDALGO COUNTY

County Number 108, District Number 911, Region Number 1

We, the undersigned, certify that the attached annual financial and compliance reports of the above-named District were reviewed and (check one) approved disapproved for the fiscal year ended June 30, 2024 at a meeting of the Board of Directions of such service on the 18th day of November, 2024.

Maritza L Venecia

President, Board of Trustees

David B Keith

Secretary, Board of Trustees

Signature: 
Maritza Venecia (Nov 19, 2024 10:38 MST)

Email: maritza@lonestarshredding.com

Signature: 
David B Keith (Nov 19, 2024 11:47 CST)

Email: dkeith@bsnsports.com

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Sharyland Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sharyland Independent School District (the "District"), as of and for the year ended June 30, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11 and budgetary comparison, pension information, other postemployment benefits information on pages 75-84 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 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*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 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 the District's internal control over financial reporting and compliance.



McAllen, Texas
November 13, 2024

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SHARYLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Sharyland Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2024, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows of resources by \$58,961,442 (*net position*).
- The District's expenses for the year for governmental activities were \$129,957,527 that accounted for \$11,224,851 less than revenues of \$141,182,378.
- At June 30, 2024, the District's governmental funds reported combined fund balances of \$45,964,477. Approximately, 82% of this amount, \$37,855,566 is available for spending at the District's discretion (*unassigned fund balance*). Unassigned fund balance was approximately 37% of total general fund expenditures.
- The general fund reported an excess of revenues over expenditures this year of \$2,136,960. There were other financing sources and uses totaling (\$1,026,780). The net increase to the general fund was \$1,110,180 with an ending fund balance of \$38,393,397.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The District has one business-type activity, the Afterschool Day Care, and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 17-19 of this report.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary funds. *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District has one business-type activity or enterprise fund.

The second type of proprietary fund is the internal service fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the internal service fund to report activities for its self-funded health and workers' compensation insurance programs. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position that can be found on pages 27-28.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-71 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 75-84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$58,961,442 as of June 30, 2024 and by \$47,648,198 as of June 30, 2023.

Net Position

**Table A-1
Net Position Summary**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2024	June 30, 2023 (Restated)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023 (Restated)
Current and Other Assets	\$ 62,363,394	\$ 63,036,492	\$ 219,905	\$ 114,276	\$ 62,583,299	\$ 63,150,768
Capital Assets	<u>156,666,395</u>	<u>153,581,654</u>	<u>77,166</u>	<u>94,402</u>	<u>156,743,561</u>	<u>153,676,056</u>
Total Assets	<u>219,029,789</u>	<u>216,618,146</u>	<u>297,071</u>	<u>208,678</u>	<u>219,326,860</u>	<u>216,826,824</u>
Deferred Outflows	<u>19,382,043</u>	<u>21,066,167</u>	-	-	<u>19,382,043</u>	<u>21,066,167</u>
Other Liabilities	13,629,888	19,717,552	-	-	13,629,888	19,717,552
Long-term Liabilities	<u>137,252,249</u>	<u>137,981,868</u>	-	-	<u>137,252,249</u>	<u>137,981,868</u>
Total Liabilities	<u>150,882,137</u>	<u>157,699,420</u>	-	-	<u>150,882,137</u>	<u>157,699,420</u>
Deferred Inflows	<u>28,865,324</u>	<u>32,545,373</u>	-	-	<u>28,865,324</u>	<u>32,545,373</u>
Net Investment in Capital Assets	72,039,651	61,138,498	77,166	112,389	72,116,817	61,250,887
Restricted	6,948,312	4,696,458	-	-	6,948,312	4,696,458
Unrestricted	<u>(20,323,592)</u>	<u>(18,395,436)</u>	<u>219,905</u>	<u>96,289</u>	<u>(20,103,687)</u>	<u>(18,299,147)</u>
Total Net Position	<u>\$ 58,664,371</u>	<u>\$ 47,439,520</u>	<u>\$ 297,071</u>	<u>\$ 208,678</u>	<u>\$ 58,961,442</u>	<u>\$ 47,648,198</u>

The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The deficit in the unrestricted balance was mainly due to GASB 68 and 75 transactions.

Governmental activities. The District's total net position for Governmental Activities increased by \$11,313,244 in 2024 and increased by \$5,037,441 in 2023. The total cost of all governmental activities these years was \$129,957,527 in 2024 and \$122,626,819 in 2023. The amount that our taxpayers paid for these activities through property taxes was \$39,639,943 or 31% in 2024 and \$46,778,363 or 38% in 2023.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities. The District's total net position for business-type activities increased \$88,393 in 2024 and increased \$13,613 in 2023. The total cost of all business-type activities these years was \$213,765 in 2024 and \$228,992 in 2023.

**Table A-2
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2024	(Restated) 2023	2024	2023	2024	(Restated) 2023
Program Revenues:						
Charges for Services	\$ 1,912,981	\$ 1,980,342	\$ 302,158	\$ 242,605	\$ 2,215,139	\$ 2,222,947
Operating Grants and Contributions	23,871,033	19,479,397	-	-	23,871,033	19,479,397
Capital Grants and Contributions	7,024,454	3,358,723	-	-	7,024,454	3,358,723
General Revenues:						
Property Taxes	39,639,943	46,778,363	-	-	39,639,943	46,778,363
State Aid and Other Grants and Contributions	64,937,727	53,907,628	-	-	64,937,727	53,907,628
Investment Earnings	2,511,950	1,999,439	-	-	2,511,950	1,999,439
Other	1,284,290	146,755	-	-	1,284,290	146,755
Total Revenues	<u>141,182,378</u>	<u>127,650,647</u>	<u>302,158</u>	<u>242,605</u>	<u>141,484,536</u>	<u>127,893,252</u>
Program Expenses:						
Instruction	67,575,516	64,958,410	-	-	67,575,516	64,958,410
Instructional Resources and Media Services	1,316,938	1,271,373	-	-	1,316,938	1,271,373
Curriculum and Instructional Staff Development	1,435,045	1,795,018	-	-	1,435,045	1,795,018
Instructional Leadership	3,120,442	3,199,288	-	-	3,120,442	3,199,288
School Leadership	6,591,882	6,156,330	-	-	6,591,882	6,156,330
Guidance, Counseling and Evaluation Services	5,720,084	5,150,104	-	-	5,720,084	5,150,104
Social services	43,560	49,095	-	-	43,560	49,095
Health Services	1,137,444	985,443	-	-	1,137,444	985,443
Student (Pupil) Transportation	4,760,600	4,003,386	-	-	4,760,600	4,003,386
Food Services	7,509,757	6,456,794	-	-	7,509,757	6,456,794
Co-curricular/Extracurricular Activities	8,060,936	7,992,987	-	-	8,060,936	7,992,987
General Administration	3,683,042	3,237,922	-	-	3,683,042	3,237,922
Facilities Maintenance and Operations	12,176,327	10,511,992	-	-	12,176,327	10,511,992
Security and Monitoring Services	1,954,006	1,803,008	-	-	1,954,006	1,803,008
Data Processing Services	1,263,329	1,041,026	-	-	1,263,329	1,041,026
Community Services	670,709	613,174	213,765	228,992	884,474	842,166
Debt Services- Interest on Long-Term Debt	2,492,811	2,824,359	-	-	2,492,811	2,824,359
Debt Services- Bond Issuance Cost and Fees	62,333	55,530	-	-	62,333	55,530
Facilities Repairs and Maintenance	-	1,068	-	-	-	1,068
Other Governmental Charges	382,766	520,512	-	-	382,766	520,512
Total Expenses	<u>129,957,527</u>	<u>122,626,819</u>	<u>213,765</u>	<u>228,992</u>	<u>130,171,292</u>	<u>122,855,811</u>
Increase (Decrease) in Net Position	11,224,851	5,023,828	88,393	13,613	11,313,244	5,037,441
Beginning Net Position	47,439,520	42,415,692	208,678	195,065	47,648,198	42,610,757
Ending Net Position	<u>\$ 58,664,371</u>	<u>\$ 47,439,520</u>	<u>\$ 297,071</u>	<u>\$ 208,678</u>	<u>\$ 58,961,442</u>	<u>\$ 47,648,198</u>

Table A-3 represents 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 charges for services and operating grants and contributions). The net cost reflects the financial burden that was placed on the District's taxpayers for each of these functions.

**Table A-3
District's Largest Functions**

	Total Cost of Services			Net (Expenses) Revenues		
	2024	2023	% Change	2024	2023	% Change
Instruction	\$ 67,575,516	\$ 62,385,813	8.32%	\$ 56,606,178	\$ 56,363,759	0.43%
Facilities Maintenance & Operations	12,176,327	10,002,093	21.74%	11,699,708	10,366,839	12.86%
Extracurricular Activities	8,060,936	7,571,583	6.46%	7,311,606	7,503,536	-2.56%
Food Services	7,509,757	6,747,130	11.30%	88,815	(99,353)	-189.39%

SHARYLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of June 30, 2024, the District's governmental funds reported combined ending fund balances of \$45,964,477 an increase of \$1,110,180, excluding a prior period adjustment which increased the previously reported beginning fund balance by \$1,802,707. Approximately 82 percent of this total amount (\$37,855,566) constitutes unassigned fund balance. The remainder of fund balance is nonspendable or restricted or committed to indicate that it is not available for new spending. The District reported fund balance as nonspendable for inventories (\$290,864), for endowment principal (\$10,000) and for prepaid items (\$246,967). The District reported restricted fund balance for federal and state fund grants (\$3,149,949), for debt service (\$3,642,482), and for other contractual obligations (\$2,031). District also committed fund balance for campus activities in the amount of (\$766,617) as of June 30, 2024.

The general fund is the primary operating fund of the District. At June 30, 2024, unassigned fund balance of the general fund was \$37,855,566 while the total fund balance was \$38,393,397. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 37 percent of the total general fund expenditures, while total fund balance represents 45 percent of that same amount.

The fund balance of the District's general fund increased by \$1,110,180 during the current fiscal period. In addition to this net change in fund balance, a prior period adjustment increased beginning fund balance by \$1,802,707.

Proprietary funds. As mentioned earlier, the District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position of the enterprise fund at June 30, 2024 totaled \$219,905. During the year, the funds had an increase in net position of \$88,393.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved budget revisions on an operating basis. The major amendments fall into the following categories:

- Amendments to revise estimates for local and state revenue based on the latest information on student attendance numbers and favorable current and delinquent tax collection rates.
- Amendments during the year for unexpected occurrences.
- Amendments throughout the year for renovation/construction projects.

The District made the following amendments to increase (decrease) budgeted revenue:

SHARYLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The District made the following amendments to increase (decrease) budgeted revenue:

Total Local and Intermediate Sources	\$ (8,105,253)
State Program Revenues	8,968,186

The following is a summary of amendments made to increase (decrease) appropriations:

Instruction	\$ 439,559
Instructional Resources and Media Services	105,069
Curriculum and Instructional Staff Development	(153,033)
Instructional Leadership	42,010
School Leadership	125,996
Guidance, Counseling and Evaluation Services	240,282
Social Work Services	829
Health Services	29,970
Student (Pupil) Transportation	508,286
Food Service	100,000
Extracurricular Activities	146,913
General Administration	69,830
Facilities Maintenance and Operations	1,075,907
Security and Monitoring Services	179,451
Data Processing Services	213,875
Community Services	20,690
Principal on Long-Term Debt	472,000
Facilitates Acquisition and Construction	5,608,671
Payment to Juvenile Justice AEP	(2,334)
Other Intergovernmental Charges	50,000

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2024 amounts to \$156,666,395 (net of accumulated depreciation and amortization), an increase of 2% over prior year. This investment in capital assets includes land, buildings, etc. as listed below.

- Capital Assets

	Governmental Activities	
	2024	2023
Land	\$ 11,783,647	\$ 11,783,647
Construction in Progress	6,239,550	126,375,369
Buildings and Improvements	128,894,756	7,805,816
Furniture and Equipment	7,701,431	581,476
Infrastructure assets - roads	272,898	281,096
Infrastructure assets - networks and subsystems	287,850	299,966
Right-to-use leased assets	928,813	313,627
Right-to-use subscription assets	557,450	6,140,657
Net Capital Assets	<u>\$ 156,666,395</u>	<u>\$ 153,581,654</u>

Additional information on the District's capital assets can be found in Note 7 on pages 50-51 of this report.

Long-term debt. At the end of June 30, 2024, the District had \$84,770,246 in long-term obligations including general obligation bonds, lease payable, SBITA's payable and maintenance tax notes. Long-term obligations presented a decrease of \$5,857,032 over prior year.

The District's bonds have received a rating of "Aaa" by Moody's by virtue of the guarantee of the Permanent School fund of the State of Texas.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The presently outstanding tax supported debt of the District is rated “A2” by Moody’s and “A” by Fitch Ratings. The District also has issues outstanding which are rated “Aaa” by Moody’s and “A” by Fitch Ratings by virtue of the guarantee of the Permanent School Fund of the State of Texas. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the District is \$431,022,478 which is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 10 on pages 52-57 of this report.

Economic Factors and Next Year's Budgets and Rates

- Previously very rapid enrollment growth has subsided to a more sustainable pace, and anticipated future enrollment gains should position the district for additional state funding growth. The District’s budget was prepared using prior year’s Average Daily Attendance (ADA).
- Taxable assessed valuation continues to register gains primarily due to ongoing residential and commercial development. Although taxable assessed valuation growth has slowed since the pre-recession double-digit rates, the community’s existing infrastructure, attractive master planned communities, and strength of our school system position the District for continued growth. The District taxable value for 2024 experienced a 3.63% growth when compared to 2023.
- The District has estimated revenues and appropriated expenditures in the 2024-25. General Fund officially adopted budget of \$106,190,866..

Independent Audit

The Texas Education Code, as well as our District policy, requires an annual audit of the District’s financial statements by independent certified public accountants selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the financial audit was designed to also meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The independent auditor’s report on the basic financial statements, required supplementary information, and other schedules are included in the financial sections of this report.

Awards

The Financial Integrity Rating System of Texas (FIRST) program, a financial accountability system for Texas school districts was developed by the Texas Education Agency in response to Senate bill 875 of the 76th Texas Legislature in 1999. The primary goal of FIRST is to achieve quality performance in the management of school district financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school financial system. The District has been awarded the “Superior Achievement” rating under FIRST since the inception of the ratings. The “Superior Achievement” rating is the state’s highest financial rating, demonstrating the quality of Sharyland ISD sound fiscal management.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Sharyland Independent School District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Jaime Ortega
Chief Financial Officer
Sharyland ISD
1200 N. Shary Road
Mission, Texas 78572

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BASIC FINANCIAL STATEMENTS

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SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

Data Control Codes	Primary Government			
	1 Governmental Activities	2 Business-Type Activities	3 Total	
ASSETS				
1110	Cash and Cash Equivalents	\$ 34,306,445	\$ 219,905	\$ 34,526,350
1120	Current Investments	1,556,567	-	1,556,567
1220	Property Taxes- Delinquent	1,399,213	-	1,399,213
1240	Receivables from Other Governments	23,851,692	-	23,851,692
1250	Accrued Interest	163,305	-	163,305
1290	Other Receivables	418,610	-	418,610
1300	Inventories	420,595	-	420,595
1410	Prepaid Items	246,967	-	246,967
	Capital Assets Not Subject to Depreciation:			
1510	Land	11,783,647	-	11,783,647
1580	Construction in Progress	6,239,550	-	6,239,550
	Capital Assets Net of Depreciation:			
1520	Buildings, Net	128,894,756	54,259	128,949,015
1530	Furniture and Equipment, Net	7,701,431	22,907	7,724,338
1550	Right-to-Use Leased Assets, Net	928,813	-	928,813
1553	SBITA Assets, Net	557,450	-	557,450
1590	Infrastructure, Net	560,748	-	560,748
1000	Total Assets	<u>219,029,789</u>	<u>297,071</u>	<u>219,326,860</u>
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	143,502	-	143,502
1705	Deferred Outflow Related to Pension Activities	13,542,714	-	13,542,714
1706	Deferred Outflow Related to OPEB	5,695,827	-	5,695,827
1700	Total Deferred Outflows of Resources	<u>19,382,043</u>	<u>-</u>	<u>19,382,043</u>
LIABILITIES				
2110	Accounts Payable	1,787,938	-	1,787,938
2140	Interest Payable	1,017,001	-	1,017,001
2150	Payroll Deductions and Withholdings Payable	974,310	-	974,310
2160	Accrued Wages Payable	7,913,912	-	7,913,912
2200	Accrued Expenditures	1,775,936	-	1,775,936
2300	Unearned Revenue	160,791	-	160,791
	Noncurrent Liabilities:			
2501	Due Within One Year	4,730,932	-	4,730,932
2502	Due in More than One Year	80,039,314	-	80,039,314
2540	Net Pension Liability (District's Share)	36,329,732	-	36,329,732
2545	Net OPEB (District's Share)	16,152,271	-	16,152,271
2000	Total Liabilities	<u>150,882,137</u>	<u>-</u>	<u>150,882,137</u>
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Inflow Related to Pension Activities	2,616,598	-	2,616,598
2606	Deferred Inflow Related to OPEB Activities	26,248,726	-	26,248,726
2600	Total Deferred Inflows of Resources	<u>28,865,324</u>	<u>-</u>	<u>28,865,324</u>
NET POSITION				
3200	Net Investment in Capital Assets	72,039,651	77,166	72,116,817
3820	Restricted for Federal and State Programs	3,149,949	-	3,149,949
3850	Restricted for Debt Service	3,798,363	-	3,798,363
3900	Unrestricted	<u>(20,323,592)</u>	<u>219,905</u>	<u>(20,103,687)</u>
3000	Total Net Position	<u>\$ 58,664,371</u>	<u>\$ 297,071</u>	<u>\$ 58,961,442</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Data Control Codes	1	Program Revenues			
		3	4	5	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 67,575,516	\$ 431,315	\$ 10,538,023	\$ -
12	Instructional Resources and Media Services	1,316,938	80,680	139,654	-
13	Curriculum and Instructional Staff Development	1,435,045	-	801,305	-
21	Instructional Leadership	3,120,442	379	505,372	-
23	School Leadership	6,591,882	316,987	446,103	-
31	Guidance, Counseling & Evaluation Services	5,720,084	3,783	1,929,109	-
32	Social Work Services	43,560	-	2,690	-
33	Health Services	1,137,444	-	272,178	-
34	Student (Pupil) Transportation	4,760,600	-	432,072	-
35	Food Services	7,509,757	531,890	6,889,052	-
36	Extracurricular Activities	8,060,936	489,388	259,942	-
41	General Administration	3,683,042	58,559	222,914	-
51	Facilities Maintenance and Operations	12,176,327	-	476,619	-
52	Security and Monitoring Services	1,954,006	-	231,499	-
53	Data Processing Services	1,263,329	-	84,549	-
61	Community Services	670,709	-	639,952	-
72	Debt Services- Interest on Long-Term Debt	2,492,811	-	-	-
73	Debt Services- Bond Issuance Cost and Fees	62,333	-	-	-
81	Capital Outlay	-	-	-	7,024,454
99	Other Intergovernmental Charges	382,766	-	-	-
	[TG] Total Governmental Activities:	<u>\$ 129,957,527</u>	<u>\$ 1,912,981</u>	<u>\$ 23,871,033</u>	<u>\$ 7,024,454</u>
BUSINESS-TYPE ACTIVITIES:					
01	Enterprise Funds - After School Day Care	213,765	302,158	-	-
	[TB] Total Business-Type Activities	<u>213,765</u>	<u>302,158</u>	<u>-</u>	<u>-</u>
	[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 130,171,292</u>	<u>\$ 2,215,139</u>	<u>\$ 23,871,033</u>	<u>\$ 7,024,454</u>

Data	
Control	
Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
	Prior period adjustments
NE	Net Position - Ending

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

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
6	7	8
Governmental Activities	Business-type Activities	Total
\$ (56,606,178)	\$ -	\$ (56,606,178)
(1,096,604)	-	(1,096,604)
(633,740)	-	(633,740)
(2,614,691)	-	(2,614,691)
(5,828,792)	-	(5,828,792)
(3,787,192)	-	(3,787,192)
(40,870)	-	(40,870)
(865,266)	-	(865,266)
(4,328,528)	-	(4,328,528)
(88,815)	-	(88,815)
(7,311,606)	-	(7,311,606)
(3,401,569)	-	(3,401,569)
(11,699,708)	-	(11,699,708)
(1,722,507)	-	(1,722,507)
(1,178,780)	-	(1,178,780)
(30,757)	-	(30,757)
(2,492,811)	-	(2,492,811)
(62,333)	-	(62,333)
7,024,454	-	7,024,454
(382,766)	-	(382,766)
<u>\$ (97,149,059)</u>	<u>\$ -</u>	<u>\$ (97,149,059)</u>
	88,393	88,393
<u>-</u>	<u>88,393</u>	<u>88,393</u>
<u>(97,149,059)</u>	<u>88,393</u>	<u>(97,060,666)</u>
31,437,406	-	31,437,406
8,202,537	-	8,202,537
64,937,727	-	64,937,727
2,511,950	-	2,511,950
1,284,290	-	1,284,290
<u>108,373,910</u>	<u>-</u>	<u>108,373,910</u>
11,224,851	88,393	11,313,244
46,959,755	208,678	47,168,433
<u>\$ 479,765</u>	<u>\$ -</u>	<u>\$ 479,765</u>
<u>\$ 58,664,371</u>	<u>\$ 297,071</u>	<u>\$ 58,961,442</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

Data Control Codes	10 General Fund	282 ARP ESSER III	Other Funds	Total Governmental Funds	
ASSETS					
1110	Cash and Cash Equivalents	17,300,663	\$ 1,633,036	\$ 10,117,174	\$ 29,050,873
1120	Investments	1,515,834	-	40,733	1,556,567
1220	Property Taxes Receivable, Net	1,229,913	-	169,300	1,399,213
1240	Due from Other Governments	17,765,567	1,868,370	4,217,752	23,851,689
1250	Accrued Interest	106,876	-	33,512	140,388
1260	Due from Other Funds	12,192,223	-	-	12,192,223
1300	Inventories	290,864	-	129,731	420,595
1410	Prepaid items	246,967	-	-	246,967
1000	Total Assets	<u>\$50,648,907</u>	<u>\$ 3,501,406</u>	<u>\$ 14,708,202</u>	<u>\$ 68,858,515</u>
LIABILITIES					
2110	Accounts Payable	794,709	93,084	693,659	1,581,452
2150	Payroll Deductions and Withholdings Payable	899,986	4,429	69,896	974,311
2160	Accrued Wages Payable	7,352,179	27,437	534,296	7,913,912
2170	Due to Other Funds	-	3,097,862	5,526,361	8,624,223
2200	Accrued Expenses	-	278,594	-	278,594
2300	Unearned Revenue	3,762	-	157,029	160,791
2000	Total Liabilities	<u>9,050,636</u>	<u>3,501,406</u>	<u>6,981,241</u>	<u>19,533,283</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	1,191,012	-	155,881	1,346,893
2602	Deferred Inflow of Resources - Other	2,013,862	-	-	2,013,862
2600	Total Deferred Inflows of Resources	<u>3,204,874</u>	<u>-</u>	<u>155,881</u>	<u>3,360,755</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	290,864	-	-	290,864
3425	Endowment Principal	-	-	10,000	10,000
3430	Prepaid Items	246,967	-	-	246,967
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restrictions	-	-	3,149,949	3,149,949
3470	Restricted for Contractual Obligations	-	-	2,031	2,031
3480	Retirement of Long-Term Debt	-	-	3,642,482	3,642,482
Assigned Fund Balance:					
3550	Assigned for Construction	-	-	766,618	766,618
3600	Unassigned Fund Balance	37,855,566	-	-	37,855,566
3000	Total Fund Balances	<u>38,393,397</u>	<u>-</u>	<u>7,571,080</u>	<u>45,964,477</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$50,648,907</u>	<u>\$ 3,501,406</u>	<u>\$ 14,708,202</u>	<u>\$ 68,858,515</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2024

	Total Fund Balances - Governmental Funds	\$ 45,964,477
1	The District uses internal service funds to charge the cost of certain activities, such as health and workers' compensation self insurance plans. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect is an increase to net position.	425,275
2	Capital assets (including right-to-use lease and SBITAs) of \$260,781,040 net of accumulated depreciation/amortization of (\$104,114,645) are not financial resources, and therefore, are not reported as assets in governmental funds. This results in an increase in net position.	156,666,395
3	Long-term liabilities, including bonds and notes payable of (\$73,840,000), premium on bonds and notes of (\$8,647,820), accretion of CAB's of (\$1,357,822), deferred charges on refunding of \$143,502, leases and SBITAs liabilities of (\$924,604) are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(84,626,744)
4	Accrued interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(1,017,001)
5	Property tax receivables of \$1,346,893 and SHARS receivable of \$2,013,862 are not currently available and are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	3,360,755
6	Included in items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included deferred resources outflow in the amount of \$13,542,714, a deferred resources inflow in the amount of (\$2,616,598), and a net pension liability in the amount of (\$36,329,732). This resulted in a decrease in net position.	(25,403,616)
7	Included in items related to debt is the recognition of the District's proportionate share of the net other post-employment benefits (OPEB) liability required by GASB 75. The net position related to TRS included deferred resources outflow in the amount of \$5,695,827, a deferred resources inflow in the amount of (\$26,248,726), and a net OPEB liability in the amount of (\$16,152,271). This resulted in a decrease in net position.	<u>(36,705,170)</u>
8	Net Position of Governmental Activities	<u><u>\$ 58,664,371</u></u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Data Control Codes	10 General Fund	282 ARP ESSER III	Other Funds	Total Governmental Funds	
REVENUES:					
5700	Local and Intermediate Sources	\$ 34,026,437	\$ -	\$ 10,751,885	\$ 44,778,322
5800	State Program Revenues	69,871,906	-	4,510,930	74,382,836
5900	Federal Program Revenues	1,561,455	7,098,288	14,554,236	23,213,979
5020	Total Revenues	<u>105,459,798</u>	<u>7,098,288</u>	<u>29,817,051</u>	<u>142,375,137</u>
EXPENDITURES:					
Current:					
11	Instruction	56,086,153	1,471,661	5,511,441	63,069,255
12	Instructional Resources and Media Services	1,126,053	10,652	147,992	1,284,697
13	Curriculum and Instructional Staff Development	636,943	410,382	384,305	1,431,630
21	Instructional Leadership	2,762,193	87,203	279,773	3,129,169
23	School Leadership	6,211,087	61,240	313,345	6,585,672
31	Guidance, Counseling and Evaluation Services	3,982,875	420,959	1,277,513	5,681,347
32	Social Work Services	37,457	761	-	38,218
33	Health Services	895,187	118,598	97,381	1,111,166
34	Student (Pupil) Transportation	4,503,141	67,274	79,635	4,650,050
35	Food Service	76,824	70,001	7,130,319	7,277,144
36	Extracurricular Activities	7,196,402	12,174	127,410	7,335,986
41	General Administration	3,657,630	38,321	7,559	3,703,510
51	Facilities Maintenance and Operations	10,967,835	87,501	799,913	11,855,249
52	Security and Monitoring Services	1,703,944	-	252,011	1,955,955
53	Data Processing Services	1,166,776	11,413	-	1,178,189
61	Community Services	25,077	106,156	524,006	655,239
Debt Service:					
71	Principal on Long Term-Debt	818,306	-	5,246,199	6,064,505
72	Interest on Long-Term Debt	162,911	-	3,049,981	3,212,892
73	Bond Issuance Cost and Fees	-	-	62,333	62,333
Capital Outlay:					
81	Facilities Acquisition and Construction	923,278	4,123,992	2,967,173	8,014,443
Intergovernmental:					
99	Other Intergovernmental Charges	382,766	-	-	382,766
6030	Total Expenditures	<u>103,322,838</u>	<u>7,098,288</u>	<u>28,258,289</u>	<u>138,679,415</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,136,960</u>	<u>-</u>	<u>1,558,762</u>	<u>3,695,722</u>
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	36,303	-	-	36,303
7913	Issuance of Leases	546,597	-	-	546,597
7915	Transfers in	6,854,816	-	46,813	6,901,629
7949	Issuance of SBITA's	514,641	-	11,200	525,841
8911	Transfers out	(8,979,137)	-	(422,492)	(9,401,629)
7080	Total Other Financing Sources (Uses)	<u>(1,026,780)</u>	<u>-</u>	<u>(364,479)</u>	<u>(1,391,259)</u>
1200	Net Change in Fund Balances	1,110,180	-	1,194,283	2,304,463
0100	Fund Balance - (Beginning)	35,480,510	-	6,376,797	41,857,307
	Prior Period Adjustment	1,802,707	-	-	1,802,707
3000	Fund Balance - (Ending)	<u>\$ 38,393,397</u>	<u>\$ -</u>	<u>\$ 7,571,080</u>	<u>\$ 45,964,477</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Total Net Change in Fund Balances - Governmental Funds	\$ 2,304,463
1	The District uses an internal service fund to charge certain costs, such as self- insurance plans to appropriate functions in other funds. The net income (loss) of the internal service fund are reported with governmental activities.	19,990
2	Capital outlays are reported in the governmental funds as expenditures. In the statement of activities these costs totalling \$10,184,422 are capitalized. The cost of capital assets is allocated over their useful lives as depreciation expense which totaled (\$7,099,638) for the year. Assets retired during the period were fully depreciated, therefore, the net effect was \$0.	3,084,741
3	Because some property taxes and SHARS receivables will not be collected for several months after the District's year end, they are not considered "available" revenues in the governmental funds. This is the change in unavailable revenue.	(228,926)
4	Repayment of principal on long-term debt is an expenditure in the funds but is not an expense in the statement of activities for \$6,064,505. Proceeds from entering into leases (\$546,597) and SBITAs (\$525,841) is reported as other financing sources in the governmental funds but increase the liabilities in the statement of net position.	4,992,067
5	Governmental funds report premiums, discounts, gains/losses on debt transactions when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. Interest is recorded in the governmental funds when paid but in the statement of activities it is accrued. This is the net impact of amortization of premiums, deferred losses, accretion of interest on capital appreciation bonds and the change in accrued interest.	720,081
6	GASB 68 requires that certain plan expenditures be de-expended and recorded as deferred resources outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$2,349,653. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net pension liability. This caused a decrease in net position totaling \$(2,308,802). Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$(3,407,949). The net results is a decrease in the change in net position.	(3,367,098)
7	GASB 75 requires that certain plan expenditures be de-expended and recorded as deferred resources outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$524,648. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in the net OPEB liability. This caused a decrease in net position totaling \$(535,191). Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$3,710,076. The net results is an increase in the change in net position.	3,699,533
8	Change in Net Position of Governmental Activities	<u><u>\$ 11,224,851</u></u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activities <u>Total</u> Enterprise Funds	Governmental Activities <u>Total</u> Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 219,916	\$ 5,255,571
Accrued Interest	-	22,917
Other receivables	-	418,610
Total Current Assets	219,916	5,697,098
Noncurrent Assets:		
Buildings	176,233	-
Furniture and Equipment	131,378	-
Accumulated depreciation	(230,445)	-
Total Noncurrent Assets	77,166	-
Total Assets	297,082	5,697,098
LIABILITIES		
Accounts Payable	-	206,481
Due to Other Funds	-	3,568,000
Accrued Expenses	-	1,497,342
Total Liabilities	-	5,271,823
NET POSITION		
Net Investments in Capital Assets	77,166	-
Unrestricted Net Position	219,916	425,275
Total Net Position	\$ 297,082	\$ 425,275

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 290,527	\$ 10,051,750
State Program Revenues	11,642	-
	<u>302,169</u>	<u>10,051,750</u>
Total Operating Revenue		
OPERATING EXPENSES:		
Payroll Costs	177,708	-
Professional and Contracted Services	-	2,071,606
Other Operating Costs	6,276	10,591,711
Supplies and Materials	12,544	-
Depreciation Expense	17,237	-
	<u>213,765</u>	<u>12,663,317</u>
Total Operating Expenses		
Operating Income (Loss)	88,404	(2,611,567)
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits and Investments	-	131,557
Transfers In	-	3,000,000
Transfers Out	-	(500,000)
	<u>-</u>	<u>2,631,557</u>
Total Nonoperating Revenues (Expenses)		
Change in Net Position	88,404	19,990
Total Net Position - Beginning	<u>208,678</u>	<u>405,285</u>
Total Net Position - Ending	<u>\$ 297,082</u>	<u>\$ 425,275</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 302,169	\$ 10,051,751
Cash Received from Assessments - Other Funds	-	3,496,315
Cash Payments to Employees for Services	(177,703)	(1,916,671)
Cash Payments to Suppliers	(12,544)	-
Cash Payments for Other Operating Expenses	(6,282)	(10,728,017)
Net Cash Provided By Operating Activities	<u>105,640</u>	<u>903,378</u>
<u>Cash Flows from Non-Capital Financing Activities</u>		
Earnings from Temporary Deposits and Investments	-	131,557
Transfers in	-	3,000,000
Transfers out	-	(500,000)
Net Cash Provided By Non-Capital Financing Activities	<u>-</u>	<u>2,631,557</u>
Net increase in Cash and Cash Equivalents	<u>105,640</u>	<u>3,534,935</u>
Cash and Cash Equivalents at Beginning of Year	<u>114,276</u>	<u>1,720,636</u>
Cash and Cash Equivalents at End of Year	<u>\$ 219,916</u>	<u>\$ 5,255,571</u>
<u>Reconciliation of Operating Income to Net Cash Provided By Operating Activities:</u>		
Operating Income (Loss):	\$ 88,404	\$ (2,611,567)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities:		
Depreciation	17,236	-
Effects of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Accrued Interest	-	(13,762)
Decrease (increase) in Receivables	-	111,980
Increase (decrease) in Accounts Payable	-	154,935
Increase (decrease) in Due to Other Funds	-	3,510,077
Increase (decrease) in Accrued Expenses	-	(248,285)
Net Cash Provided By Operating Activities	<u>\$ 105,640</u>	<u>\$ 903,378</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 162,334	\$ 390,611
Investments	-	300,800
Accrued Interest	718	1,735
Total Assets	<u>163,052</u>	<u>693,146</u>
LIABILITIES		
Accounts Payable	5,650	18,138
Total Liabilities	<u>5,650</u>	<u>18,138</u>
NET POSITION		
Restricted Net Assets	157,402	675,008
Total Net Position	<u>\$ 157,402</u>	<u>\$ 675,008</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Private-Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Miscellaneous Revenue - Student Activities	\$ -	\$ 860,576
Contributions to Student Activities	-	190,408
Earnings from Temporary Deposits and Investments	8,491	43,957
Contributions, Gifts and Donations	6,300	-
	<u>14,791</u>	<u>1,094,941</u>
DEDUCTIONS:		
Supplies and Materials	-	1,111,071
Miscellaneous Deductions	11,250	-
	<u>11,250</u>	<u>1,111,071</u>
Change in Net Position	3,541	(16,130)
Total Net Position - Beginning	153,861	691,138
Total Net Position - Ending	<u>\$ 157,402</u>	<u>\$ 675,008</u>

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sharyland Independent School District (“District”) was created in 1921. The District is committed to providing the highest quality education for all students. There are a total of thirteen campuses, which include eight elementary schools, two junior high schools, and three high schools.

A. Reporting Entity

The Sharyland Independent School District is a public educational agency operating under the applicable laws and regulation of the State of Texas. A seven-member Board of Trustees governs the District that is elected by registered voters of the District. The District prepares its basic financial statements in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources of the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Educational Agency (“TEA”) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

The Board of Trustees (“Board”), a seven-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Sharyland Independent School District. The governing Board derives its powers from the statutes of the State of Texas and the rules and regulations of the Texas State Department of Education. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, as the District is not included in any other governmental “reporting entity” as defined by the GASB in its Statements No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. The District has no component units.

B. Government-wide and Fund Financial Statements

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated by type and reported as non-major funds.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenues 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.

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

Unearned revenue is reported in the governmental funds when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for fiduciary funds, though these are excluded from the government-wide financial statements.

As discussed earlier, the District has no component units.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program, and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, and debt service.

The ARP ESSER III fund is used to account for revenues and expenditures of the federal program Elementary and Secondary School Emergency Relief Fund (ESSER III) granted to the District through the American Rescue Plan of 2021.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

Additionally, the District reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects. Most federal and some state financial award programs are accounted for in these funds and sometimes unused balances must be returned to the grantor at the close of specified project periods.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* is used to account for expenditures of resources accumulated from loan and interest earnings for the acquisition and construction of facilities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund and after school care funds is charges for services. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The *Enterprise Fund* accounts for the District's After-School Day Care Programs.

The *Internal Service Fund* accounts for the District's self-funded medical and workers' compensation insurance plans provided for the benefit of eligible employees. The plans are intended to be self-supporting and contributions for premiums are increased periodically to cover the cost of claims, insurance premiums and administrative fees.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others that cannot be used to support the government's own programs. Custodial funds are purely custodial and do not involve measurement of results of operations.

The *private-purpose trust fund* accounts for donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.

The *custodial fund* accounts for resources held in a custodial capacity by the District and consists of funds that are the property of student groups or others. The District provides accounting services and collect monies on behalf of student groups or others expected to be distributed within three months of receipt. These funds are not held in trust.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

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

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and debt service fund. Certain special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and function. Transfers of appropriations between funds require the approval of the board of trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Investments

The District is required by government Code Chapter 2256, The Public Funds Investment Act (the “Act”), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rate of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits.

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

Investments in entities (such as investment pools) that calculate Net Asset Value per Share and follow the requirements of GASB Statement No. 79 are reported at amortized costs. All other investments are reported at fair value unless a legal contract exists which guarantees a high value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The Act determines the type of investments, which are allowable for the District. These include, with certain restrictions, (1) obligation of, or guaranteed by, governmental entities, (2) certificates of deposit and share certificates, (3) fully collateralized repurchase agreements, (4) a securities lending program, (5) banker’s acceptances, (6) commercial paper, (7) no-load money market mutual funds and no-load mutual funds, (8) guaranteed investment contracts, and (9) public funds investment pools. The district policy authorizes all the State allowable investments.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal period are referred to as either “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible. Property taxes are levied by October 1st on the assessed value listed as of the prior January 1st for all real and business personal property in the District in conformity with Subtitle E, Texas Property Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 31st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Receivables and Payables (Continued)

Delinquent taxes are prorated between general and debt service funds based on rates adopted for the year of the levy. Allowance 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.

Accrued liabilities include amounts accrued for salaries and for self-insurance claims.

Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” within the fund financial statements. Long-term borrowings between funds are classified as “advances to other funds” or “advances from other funds” in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Similarly, interfund receivables and payables are netted and presented as a single “Internal Balances” line of the government-wide statement of net assets. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements

Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at cost and they include consumable custodial, maintenance, transportation supplies. Inventories of governmental funds are recorded as expenditures when they are consumed rather than when purchased. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and deferred revenue when received in the governmental funds. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Prepaid items are payments made for services that benefit periods beyond the current period.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Capital Assets

Capital assets, which include land, buildings, right-to-use leased assets, right-to-use subscription assets, furniture and equipment, are reported in the applicable governmental or business type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are not capitalized. A capitalization threshold of \$5,000 is used.

Land and construction in progress are not depreciated. The other capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	50
Building improvements	7-25
Furniture and equipment	5-20
Right-to-use lease assets	3-12
Right-to-use subscription assets	3-5
Infrastructure assets - roads	20
Infrastructure assets - network and subsystems	5

Deferred Outflows/Inflows of Resources

Certain defined transactions that do not qualify for treatment as either assets or liabilities are required to be accounted for and reported as either deferred outflows of resources (a separate subheading following assets but before liabilities) or deferred inflows of resources (a separate subheading following liabilities but before equity).

Deferred outflows of resources represent a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. It has a positive effect on net position, similar to assets. The deferred amount for advance refunding of debt is a result of the difference in the carrying value of refunded debt and its reacquisition price is reported as a deferred outflow of resources. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue from property taxes and School Health and Related Services (SHARS) is reported in the governmental funds balance sheet.

The deferred outflows and deferred inflows related to pensions and other postemployment benefits (OPEB) are an aggregate of items related to pensions and OPEB calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. Deferred inflows of resources for pension and OPEB are reported in the government-wide financial statement of net position. These deferred inflows result primarily from differences between projected and actual earnings on pension plan investments and on changes in actuarial assumptions in the OPEB plan. These amounts will be amortized between 5.00 and 9.1672 years.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance (Continued)

Fair Value Measurements

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

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

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

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

Leases

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings, or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The leased asset is recorded for the same amount as the related lease liability plus prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payments.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/
Fund Balance (Continued)***

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Pensions

The District is a member employer of the Teacher Retirement System of Texas (TRS) and, therefore, records its proportionate share of the pension liability and related accounts in these financial statements. The fiduciary net position of the Teacher Retirement System of Texas (TRS) 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 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 benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) Liability

The District is a member employer of the TRS Care Plan and therefore, records its proportionate share of the net OPEB liability and related deferred inflows/outflows in these financial statements. The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS-Care Plan has been determined using the flow of economics 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.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/
Fund Balance (Continued)***

Government-wide Net Position

Net position flow assumption. Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied. The District's net position is composed of the following:

Net Investment in Capital Assets. The component of net position that represents capital assets net of accumulated depreciation less capital related debt.

Restricted for State and Federal Programs. The component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Agriculture, the Texas Education Agency and other federal and state entities.

Restricted for Debt Service. The component of net position that reports the restricted assets set aside in a sinking fund, net of accrued interest, that have constraints placed on their use by the debt covenant.

Unrestricted. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not reported in net position invested in capital assets, net position restricted for debt services, or net position restricted for state and federal programs. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

Fund Balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. There are two major categories of fund balances, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. As such, the prepaid insurance and inventories have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

In addition to the nonspendable fund balance, there is a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/
Fund Balance (Continued)***

Fund Balance (Continued)

Fund Balance Flow Assumptions. Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The District’s net fund balance is composed of the following:

- *Restricted:* fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- *Committed:* fund balances that can be used only for the specific purposes imposed by formal action through the adoption of a resolution by the Board of Trustees, which is the highest level of decision making authority in the District. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process.

Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered legally enforceable. Committed fund balance also incorporates contract obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements

- *Assigned:* fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The Board has, by local policy – annual operating budget, authorized the Superintendent, or his designee, to assign fund balance. The Board, Superintendent or designee may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not have to be taken for the removal of an assignment.
- *Unassigned:* fund balance of the general fund that is not constrained for any particular purpose.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/
Fund Balance (Continued)***

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could vary from the estimates assumed in preparing the financial statements. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, pension liability, and OPEB liability.

Internal Service Fund Activity

Because the principal users of the internal service activities are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

Only the net profit or loss before investment income is allocated to the operating programs benefited. Investment income is combined with other unrestricted income as general revenue in the statement of activities.

Accounting System

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statement filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/
Fund Balance (Continued)***

Recently Issued Accounting Pronouncements

Future accounting standards possibly applicable to the District that have been issued by the Governmental Accounting Standards Board are:

- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for leave that has not been used and for leave that has been used but not yet paid in cash or settled through noncash means. This Statement also requires that a liability for certain types of compensated absences, including parental leave, military leave, and jury duty leave, not be recognized until the leave commences. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability as long as it's identified as a net change. This requirement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103 seeks to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information.. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/
Fund Balance (Continued)***

Recently Issued Accounting Pronouncements (Continued)

GASB Statement No. 104 provides users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-of-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. This requirement is effective for fiscal years beginning after June 15, 2025.

The impact of these statements on the District's financial statements, has not been determined yet. The District will evaluate these new pronouncements and will implement them as applicable by their effective dates.

NOTE 2 – IMPLEMENTED ACCOUNTING STANDARDS

In 2024, the District implemented GASB Statement No. 100, *Accounting Changes and Error Correction*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Additionally, this Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provision

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

Violations Reported	Actions Taken
None	Not applicable

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2024, the District had one expenditure function (23) exceeding appropriated amounts by \$19,939.

C. Deficit Fund Balances of Individual Funds or Deficit Net Position

The District does not have funds with deficit fund balances at year end. The District has a negative unrestricted net position in the Governmental Activities of (\$ 20,323,592) at year end. The result of this negative balance is due to activities related to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions*. (Refer to Note 15).

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Disclosures Related to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is that risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party.

The Public Funds Investment Act, the District’s investment policy, and Government Code Chapter 2257 “Collateral for Public Funds” contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool created to function as a money market mutual fund must mark its portfolio to market daily, and, to the extent reasonable possible, stabilize at a \$1 net asset value. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, portfolio holding shall be sold as necessary to maintain the ratio between 0.995 and 1.005.

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Cash Deposits

At June 30, 2024, the carrying amount of the District’s cash and investments (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$36,082,917 and the bank balance was \$39,325,520. The District’s cash deposits at June 30, 2024 and for the year ended June 30, 2024, were entirely covered by FDIC insurance or letters of credit and by pledged collateral held by the District’s agent bank in the District’s name.

A reconciliation of cash and investments as shown on the Statement of Net Position for the primary government are as follows:

Carrying amount of deposits	\$ 35,075,991
Cash on hand	3,304
Investments	1,857,367
Less: Statement of fiduciary net position	<u>(853,745)</u>
Cash and investments statement of net position	<u><u>\$ 36,082,917</u></u>
Exhibit A-1	
Cash and cash equivalents	\$ 34,526,350
Investments	<u>1,556,567</u>
Cash and investments statement of net position	<u><u>\$ 36,082,917</u></u>

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

- a. Depositories: Texas Regional Bank
- b. The market value of securities and letters of credit as of the date of the highest combined balance on deposit was \$67,065,990
- c. The highest combined balance of cash, saving and time deposits accounts amounted to \$56,974,279 occurred during the month of January 2024.
- d. Total amount of FDIC coverage at the time of the largest combined balances was \$250,000.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

C. Investments

Statutes authorize the District to invest in obligations of the U.S. Treasury or the State of Texas allowed by Chapter 2256 Public Funds Investment and Chapter 2257 Collateral for Public Funds of the Government Code.

The District’s investment policies and types of investments are governed by the Public Funds Investment Act.

The District’s management believes that it complied in all material respects with the requirements of the Public Funds Investment Act and the District’s investment policies.

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

All of the investment pools that the District is invested in have met the criteria established under GASB statement No. 79 to report their value at amortized cost. All of the investment pools strive to maintain a \$1 per share net asset value. Additionally, the pools do not have any limitations or restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity or redemption gates.

At June 30, 2024, the District’s investments are summarized below:

Current Investments	Amount Reported			Weighted Average Maturity (Days)
	Governmental Activities	Fiduciary Funds	Total	
<i>Reported at Amortized Cost</i>				
Logic Investment Pool	\$ 303,265	\$ 180,966	\$ 484,231	46
TexPool Investments	361,991	-	361,991	38
TexPool Prime Investments	609,536	119,834	729,370	43
Lone Star Investments	281,775	-	281,775	34
	\$ 1,556,567	\$ 300,800	\$ 1,857,367	

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

D. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the District’s investment policy and the Texas Public Funds Investment Act and actual rating as of period-end for each investment.

Current Investments	Amount Reported			Credit Rating	Exposure
	Governmental Activities	Fiduciary Funds	Total		
<i>Reported at Amortized Cost</i>					
Logic Investment Pool	\$ 303,265	\$ 180,966	\$ 484,231	AAAm	26%
TexPool Investments	361,991	-	361,991	AAAm	19%
TexPool Prime Investments	609,536	119,834	729,370	AAAm	39%
Lone Star Investments	281,775	-	281,775	AAAm	15%
	<u>\$ 1,556,567</u>	<u>\$ 300,800</u>	<u>\$ 1,857,367</u>		

E. Concentration of Credit Risk

Concentration of credit risk is the risk of loss to the magnitude of the District’s investment in a single issuer. Portfolio diversification is employed in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer, as a way to control risk. Investments issued are explicitly guaranteed by the U.S. government, mutual funds and investment pools are excluded from this requirement.

NOTE 5 – RECEIVABLES

Significant receivables for the government’s individual major funds and other, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows.

A. Property Taxes

Property taxes are levied by October 1st 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 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal period.

The 2023 assessed valuation was \$4,310,165,250.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5 – RECEIVABLES (Continued)

A. Property Taxes (Continued)

Delinquent taxes are prorated between the general fund and debt service fund based on the tax rate approved by the Board. For the year ended June 30, 2024, the rates were \$0.7575 and \$0.2000, respectively, per \$100 of assessed value.

	General Fund	Other Funds	Total
Property taxes receivable	\$ 3,074,152	\$ 522,344	\$ 3,596,496
Less: allowance for uncollectible	(1,844,239)	(353,044)	(2,197,283)
Property taxes receivable, net	<u>\$ 1,229,913</u>	<u>\$ 169,300</u>	<u>\$ 1,399,213</u>

B. Due From Other Governments

Amounts due from other governments and agencies are as follows:

	General Fund	ARP ESSER III	Other Funds	Total
Due from other governments				
Texas Education Agency	\$ 15,664,299	\$ 1,868,370	\$ 3,765,812	\$ 21,298,481
Medicaid program (SHARS)	2,013,862	-	-	2,013,862
Texas Workforce Commission	-	-	347,947	347,947
Other	87,406	-	103,993	191,399
Total due from other governments	<u>\$ 17,765,567</u>	<u>\$ 1,868,370</u>	<u>\$ 4,217,752</u>	<u>\$ 23,851,689</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5 – RECEIVABLES (Continued)

C. Unearned Revenues

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities on the current period. Governmental funds also defer revenues recognition in connection with resources that have been received, but not yet earned.

At June 30, 2024, the various components of unearned revenues are:

	<u>General Fund</u>	<u>ARP ESSER III</u>	<u>Other Funds</u>	<u>Total</u>
Unearned revenue				
Foundation revenue	\$ 3,762	\$ -	\$ -	\$ 3,762
State grants	-	-	157,029	157,029
Total unearned revenue	<u>\$ 3,762</u>	<u>\$ -</u>	<u>\$ 157,029</u>	<u>\$ 160,791</u>

NOTE 6 – DISAGGREGATION OF OTHER RECEIVABLES

At June 30, 2024, other receivables are as follows:

	<u>General Fund</u>	<u>ARP ESSER III</u>	<u>Other Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Other receivables					
Prescription drug program rebate	\$ -	\$ -	\$ -	\$ 324,730	\$ 324,730
Insurance stop loss	-	-	-	93,880	93,880
Total other receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,610</u>	<u>\$ 418,610</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 – CAPITAL ASSETS

	Beginning Balance 7/1/2023	Increases	Decreases	Transfers In/out	Ending Balance 6/30/2024
Governmental activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 11,783,647	\$ -	\$ -	\$ -	\$ 11,783,647
Construction in Progress	6,140,657	7,264,116	-	(7,165,223)	6,239,550
Total Capital Assets, Not Being Depreciated	<u>17,924,304</u>	<u>7,264,116</u>	<u>-</u>	<u>(7,165,223)</u>	<u>18,023,197</u>
Capital Assets, Being Depreciated:					
Buildings and Improvements	203,094,658	750,327	-	7,165,223	211,010,208
Furniture and Equipment	27,097,501	1,097,498	(343,993)	-	27,851,006
Infrastructure assets - roads	541,357	-	-	-	541,357
Infrastructure assets - networks and subsystems	688,797	-	-	-	688,797
Total Capital Assets, Being Depreciated	<u>231,422,313</u>	<u>1,847,825</u>	<u>(343,993)</u>	<u>7,165,223</u>	<u>240,091,368</u>
Less Accumulated Depreciation For:					
Buildings and Improvements	(76,719,289)	(5,396,163)	-	-	(82,115,452)
Furniture and Equipment	(19,291,685)	(1,201,883)	343,993	-	(20,149,575)
Infrastructure assets - roads	(241,391)	(27,068)	-	-	(268,459)
Infrastructure assets - networks and subsystems	(375,170)	(25,777)	-	-	(400,947)
Total Accumulated Depreciation	<u>(96,627,535)</u>	<u>(6,650,891)</u>	<u>343,993</u>	<u>-</u>	<u>(102,934,433)</u>
Total Capital Assets, Being Depreciated, Net	<u>134,794,778</u>	<u>(4,803,066)</u>	<u>-</u>	<u>7,165,223</u>	<u>137,156,935</u>
Right-to-use Lease assets Being Amortized:					
Furniture and Equipment	1,199,503	546,597	(287,000)	-	1,459,100
Less accumulated amortization	(618,027)	(199,260)	287,000	-	(530,287)
Total Right-to-use assets being amortized, net	<u>581,476</u>	<u>347,337</u>	<u>-</u>	<u>-</u>	<u>928,813</u>
Right-to-use SBITA Assets Being Amortized:					
Subscription-based Information Technology Arrangements	394,534	525,841	(7,458)	-	912,917
Less accumulated amortization	(113,438)	(249,487)	7,458	-	(355,467)
Total Right-to-use SBITA Assets Being Amortized, net	<u>281,096</u>	<u>276,354</u>	<u>-</u>	<u>-</u>	<u>557,450</u>
Governmental Activities Capital Assets, net	<u>\$ 153,581,654</u>	<u>\$ 3,084,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,666,395</u>
Business-type activities:					
Capital Assets, Being Depreciated:					
Buildings	176,233	-	-	-	176,233
Furniture and Equipment	131,378	-	-	-	131,378
Total Capital Assets, Being Depreciated	<u>307,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,611</u>
Less Accumulated Depreciation For:					
Buildings	(110,024)	(11,950)	-	-	(121,974)
Furniture and Equipment	(103,184)	(5,287)	-	-	(108,471)
Total Accumulated Depreciation	<u>(213,208)</u>	<u>(17,237)</u>	<u>-</u>	<u>-</u>	<u>(230,445)</u>
Total Capital Assets, Being Depreciated, Net	<u>94,403</u>	<u>(17,237)</u>	<u>-</u>	<u>-</u>	<u>77,166</u>
Business-type Activities Capital Assets, net	<u>\$ 94,403</u>	<u>\$ (17,237)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,166</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation was charged to functions as follows:

	Depreciation	Amortization
Governmental activities:		
11 Instruction	\$ 4,840,162	\$ 266,955
12 Instructional Resources and Media	37,104	5,005
21 Instructional Development	17,329	8,332
23 School Leadership	22,653	28,431
31 Guidance and Counseling Services	-	6,279
32 Social Work Services	4,221	-
34 Student (Pupil) Transportation	406,316	61,805
35 Food Service	171,675	1,809
36 Cocurricular/Extracurricular Activities	770,368	54,671
41 General Administration	2,186	15,460
51 Plant Maintenance and Operations	295,889	-
52 Security and Monitoring Services	6,119	-
53 Data Processing Services	76,869	-
Total depreciation and amortization expense - governmental activities	\$ 6,650,891	\$ 448,747
Business-type activities:		
11 Instruction	\$ 17,237	
Total depreciation expense - business-type activities	\$ 17,237	

The following summarizes the District's leased assets:

	Beginning Balance 7/1/2023	Increases	Decreases	Transfers In/out	Ending Balance 6/30/2024
Right-to-use lease assets, being amortized:					
Copiers	\$ 287,000	\$ 546,597	\$ (287,000)	\$ -	\$ 546,597
Scoreboard	912,503	-	-	-	912,503
Total right-to-use leased assets	1,199,503	546,597	(287,000)	-	1,459,100
Less: Right-to-use lease assets, accumulated amortization:					
Copiers	(277,352)	(136,612)	287,000		(126,964)
Scoreboard	(340,675)	(62,648)			(403,323)
Total accumulated amortization	(618,027)	(199,260)	287,000	-	(530,287)
Total right-to-use lease assets, net	581,476	347,337	-	-	928,813
Right-to-use subscription assets being amortized:					
Subscription-based information technology arrangements	394,534	525,841	(7,458)		912,917
Less: Right-to-use subscription assets, accumulated amortization:					
Subscription-based information technology arrangements	(113,438)	(249,487)	7,458		(355,467)
Total accumulated amortization	(113,438)	(249,487)	7,458	-	(355,467)
Total right-to-use subscription assets, net	\$ 281,096	\$ 276,354	\$ -	\$ -	\$ 557,450

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8 – INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

At June 30, 2024, balances due to and due from between funds were as follows:

Receivable Fund:	Total	Payable Fund:	Total
General Fund	\$ 12,192,223	ARP ESSER III	\$ 3,097,862
		Nonmajor funds	5,526,361
		Internal Service fund	3,568,000
Total Due From Other Funds	\$ 12,192,223	Total Due To Other Funds	\$ 12,192,223

The balances result from a routine lag between the dates that transactions such as year-end payroll accruals and other year-end accruals are recorded in the accounting system and payments between funds are made. All amounts are scheduled to be repaid within one year.

NOTE 9 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of June 30, 2024, the governmental funds reported deferred inflows of resources for unavailable property taxes in the amount of \$1,346,893 and unavailable School Health and Related Services (SHARS) revenues in the amount of \$2,013,862.

Deferred outflows of resources reported at the government-wide financial statement level included deferred charges on refunding of bonds, deferred outflows related to pensions, and deferred outflows related to OPEB. As of June 30, 2024, the amount of deferred charges on refunding of bonds reported as deferred outflows of resources was \$143,502. Deferred outflows of resources related to pension and OPEB are \$13,542,714 and \$5,695,827, respectively. Deferred inflows of resources related to pensions and OPEB are \$2,616,598 and \$26,248,726, respectively.

NOTE 10 – LONG-TERM OBLIGATIONS

A. General Obligations Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The bonds are guaranteed by the corpus of the Permanent School Fund of the State of Texas in accordance with Article 7, Section 5 of the Texas Constitution, and Subchapter C of Chapter 45 of the Texas Education Code. General obligation bonds are direct obligation and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings.

Certain outstanding bonds may be redeemed at the par value prior to their normal maturity dates in accordance with the terms of the bond indentures. The District has never defaulted on any principal or interest payment. There are a number of limitations and restrictions contained in the general obligation bond indenture. The District’s management has indicated that the District was in compliance with all significant limitations and restrictions at June 30, 2024.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

A. General Obligations Bonds (Continued)

General obligation and capital appreciation bonds payable at June 30, 2024 are summarized as follows:

Date of Issue	Original Issue	Final Maturity	Interest Rate	Outstanding Balance
2015 Ref	29,745,000	2036	2.00% - 5.00%	\$ 1,310,000
2017 Ref	8,040,000	2034	2.00% - 4.50%	3,930,000
2019 Ref	7,465,000	2040	2.00% - 5.00%	7,080,000
2020 Ref	33,440,000	2041	3.00% - 5.00%	35,440,000
2021 Ref	4,295,000	2031	3.00% - 4.00%	2,845,000
2021A Ref*	22,245,000	2036	2.15% - 5.00%	21,645,000
				<u>\$ 72,250,000</u>

*General obligation bond includes capital appreciation bond principal of \$775,000 which will be due in FY2026 in combination with \$1,165,000 of interest.

Annual debt service requirements to maturity for general obligation and capital appreciation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2025	\$ 3,980,000	\$ 2,642,811	\$ 6,622,811
2026	3,120,000	3,608,811	6,728,811
2027	4,985,000	2,326,561	7,311,561
2028	5,240,000	2,189,811	7,429,811
2029	5,400,000	1,927,811	7,327,811
2030-2034	22,970,000	6,250,596	29,220,596
2035-2040	20,080,000	2,782,456	22,862,456
2041-2045	6,475,000	90,150	6,565,150
	<u>\$ 72,250,000</u>	<u>\$ 21,819,007</u>	<u>\$ 94,069,007</u>

B. Tax Notes

Tax notes outstanding at June 30, 2024 are as follows:

Series 2013 Maintenance Tax Note, authorized by Education Code Section 45.108, for the construction of a new aquatic center. The interest rate on the note is 2.720% with payments due from February 15, 2014 through February 15, 2028.	\$ 1,085,000
Series 2018 Maintenance Tax Note, authorized by Education Code Section 45.108, for renovation and remodeling of existing facilities in the District. The interest rate on the note is 3.500% with payments due from February 15, 2018 through February 15, 2033.	<u>1,280,000</u>
	<u>\$ 2,365,000</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

B. Tax Notes (Continued)

The tax note debt service requirements to maturity, including interest are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2025	\$ 385,000	\$ 67,255	\$ 452,255
2026	400,000	56,230	456,230
2027	410,000	44,779	454,779
2028	420,000	33,036	453,036
2029	140,000	21,080	161,080
2030-2034	610,000	38,596	648,596
	<u>\$ 2,365,000</u>	<u>\$ 260,976</u>	<u>\$ 2,625,976</u>

The Notes are direct obligations of the District payable as to both principal and interest from available funds of the District which include the maintenance tax. The District has pledged to levy a tax from the District’s maintenance and operation taxing authority for the tax notes.

C. Prior and Current Year Defeasance

In March 2023, the District transferred \$1,630,688 of existing resources to an irrevocable trust with an escrow agent that is restricted to owning only risk-free monetary assets for the purpose of extinguishing a portion of the District’s outstanding debt before scheduled maturity. The early extinguishment was authorized for \$1,500,000 of outstanding principal of the Series 2017 Refunding bonds and also to cover costs of issuance in order to lower the overall debt service requirements for the District. The bonds are considered to be defeased and are no longer reported as a long term liability in accordance with the economic measurement resource focus.

The defeasance funded with existing resources resulted in an overall economic gain of \$564,312 and gross savings (difference between the present value of the debt service payment of the old and new debt) of \$2,242,500. At March 30, 2023, the defeased portion of the Series 2017 refunding bonds was \$1,500,000.

In June 2024, the District transferred \$2,678,170 of existing resources to an irrevocable trust with an escrow agent that is restricted to owning only risk free monetary assets for the purpose of extinguishing a portion of the District’s outstanding debt before scheduled maturity. The early extinguishment was authorized for \$2,500,000 of outstanding principal of the Series 2017 Refunding bonds and were also used to cover costs of issuance in order to lower the overall debt service requirements for the District. The bonds are considered to be defeased and are no longer reported as a long term liability in accordance with the economic measurement resource focus.

The defeasance funded with existing resources resulted in an overall economic gain of \$644,330 and gross savings (difference between the present value of the debt service payments of the old and new debt) of \$3,377,500. At June 30, 2024, the defeased portion of the Series 2017 refunding bonds was \$2,500,000.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

D. Lease Liabilities

The District entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception. There are no variable payment components of the leases. The lease liability is measured at a discount rate of 8.5%.

Lease required payments are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2025	\$ 130,347	\$ 31,535	\$ 161,882
2026	141,640	19,975	161,615
2027	168,281	7,477	175,758
	<u>\$ 440,268</u>	<u>\$ 58,987</u>	<u>\$ 499,255</u>

As a result of these lease liabilities, the District has recorded leased assets with a net book value of \$928,813. See Note 7-Capital Asset for more detail.

E. Subscription-Based Information Technology Arrangements

General

The District has eight existing arrangements subject to the requirements of GASB 96. These arrangements can be described in groups- those related to the provision of assisting students, those used for administrative purposes, those used for networking purposes, and those used for navigation purposes. The District makes annual payments and the agreements are for varying terms. The SBITA liability is the present value of these payments using the district's incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA Asset is measured as the SBITA Liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is amortized using a straight-line amortization method over the term of the SBITA arrangement. Sharyland Independent School District set a materiality threshold on SBITA arrangements at \$5,000. See Note 1 for capitalization thresholds.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

E. Subscription-Based Information Technology Arrangements (Continued)

At June 30, 2024, subscription assets and accumulated amortization is as follows:

Governmental Activities	Term in Months	Total Right-to-use		Total Right-to-use Lease Asset, net
		Lease Asset Amount	Total Accumulated Amortization	
Administrative Software	60	\$ 142,978	\$ (54,808)	\$ 88,170
Educational Assistance for Students	24-60	115,299	(76,866)	38,433
Administrative Software	24-60	128,799	(85,866)	42,933
Educational Assistance for Students	36	181,379	(21,035)	160,344
Educational Assistance for Students	36	52,562	(12,410)	40,152
Educational Assistance for Students	14	129,000	(86,000)	43,000
Educational Assistance for Students	48	11,200	-	11,200
Educational Assistance for Students	41	151,700	(18,482)	133,218
Total Governmental Activities		\$ 912,917	\$ (355,467)	\$ 557,450

At June 30, 2024, subscription liabilities and related principal and interest requirements are as follows:

Governmental Activities	Term in Months	Interest Rate	Initial Liability	Ending Balance
Administrative Software	60	8.5%	\$ 142,978	\$ 92,668
Educational Assistance for Students	24-60	8.5%	115,299	46,479
Administrative Software	24-60	8.5%	128,799	41,607
Educational Assistance for Students	36	8.5%	181,379	125,779
Educational Assistance for Students	36	8.5%	52,562	36,450
Educational Assistance for Students	14	8.5%	129,000	-
Educational Assistance for Students	48	8.5%	11,200	-
Educational Assistance for Students	41	8.5%	151,700	141,353
Total Governmental Activities			\$ 912,917	\$ 484,336

As of June 30, 2024, future SBITA principal and interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2025	\$ 235,585	\$ 25,501	\$ 261,086
2026	157,860	9,421	167,281
2027	90,891	-	90,891
	\$ 484,336	\$ 34,922	\$ 519,258

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

F. Commitments and Impairments

There were no additional commitments made before the commencement of the SBITA term(s). There were also no impairments or modifications to be reported during this fiscal year.

Long-term debt liabilities activity for the governmental activities for the year ended June 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Defeased	Ending Balance	Due Within On Year
General obligation bonds	\$ 76,710,000	\$ -	\$ (2,735,000)	\$ (2,500,000)	\$ 71,475,000	\$ 3,980,000
Unamortized premium	9,781,170	-	(1,133,350)	-	8,647,820	-
Accretion of CAB's	1,089,437	268,385	-	-	1,357,822	-
Lease liability	17,916	546,597	(124,245)	-	440,268	130,347
SBITAs liabilities	288,755	525,841	(330,260)	-	484,336	235,585
Maintenance tax notes	2,740,000	-	(375,000)	-	2,365,000	385,000
	<u>\$ 90,627,278</u>	<u>\$ 1,340,823</u>	<u>\$ (4,697,855)</u>	<u>\$ (2,500,000)</u>	<u>\$ 84,770,246</u>	<u>\$ 4,730,932</u>

NOTE 11 – SOURCES OF FEDERAL REVENUES IN GENERAL FUND

Federal revenues in the general fund for the fiscal year ended June 30, 2024 were from the following sources:

Programs or Source	ALN	Amount
School Health & Relation Services	Not applicable	\$ 1,189,779
Junior Reserve Officers' Training Corps	12.U01	55,843.00
Indirect Costs:		
Title I Grants to Local Education Agencies	84.01	110,416.00
Migrant Education State Grant Program	84.011	2,285.00
Special Education - Grants to States	84.027	61,003.00
Career and Technical Education - Basic Grants to States	84.048	5,123.00
Special Education - Preschool Grants	84.173	741.00
Supporting Effective Instruction State Grants	84.367	-
English Language Acquisition State Grants	84.365	19,964.00
Education Stabilization Fund (CRRSA ESSER II)	84.425D	3,661.00
Education Stabilization Fund (ARP ESSER III)	84.425U	111,361.00
Education Stabilization Fund (ARP Homeless II)	84.425W	1,279.00
Student Support and Academic Enrichment Program	84.424	-
Total general fund federal sources revenue		<u>\$ 1,561,455</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 12 – RISK MANAGEMENT

A. General

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance.

The District purchases insurance to cover these risks, the more significant of which are general liability insurance in the amount of approximately \$1,000,000, and \$318,043,259 for property insurance.

Such insurance is consistent with the prior year, and at June 30, 2024 the District did not have any insurance claims pending.

B. Workmen’s Compensation

Employees of the District were covered by a self-funded workmen’s compensation program sponsored by the district. All premiums were paid to licensed third party administrator with excess reinsurance. The Plan was documented by contractual agreement.

At June 30, 2024, the District reported \$\$268,838 of claim liabilities for workers compensation.

C. Health Care

The District sponsors a self-insurance plan to provide health care benefits to staff members and their dependents. This plan was authorized by section 21.922 of the Texas Education Code and article 3.51-2 of the Texas Insurance Code and was documented by contractual agreement. Transactions related to the plan are accounted for in the internal service fund of the District.

The District was protected against unanticipated, catastrophic individual or aggregate loss by stoploss coverage carried through American National Life Insurance Company for the period of January 1, 2023 through December 31, 2023 and for the period of January 1, 2024 to December 31, 2024. Stoploss coverage will be in effect for annual individual claims exceeding \$125,000, and annual aggregate losses exceeding approximately \$9,433,409 and \$9,840,620 respectively for the contract years.

The following is summary of the changes in the balance of claims liabilities for health care for the year ended June 30, 2024:

Liability, beginning of period	\$ 1,569,152
Claims incurred during the period	10,050,793
Payments on claims	<u>(10,391,441)</u>
Liability, end of period	<u><u>\$ 1,228,504</u></u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 12 – RISK MANAGEMENT (CONTINUED)

D. Medicare Part D – On Behalf Payments for Reporting Entities

Funding Policy The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries, also 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 drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

The amount of subsidy reimbursement received by TRS on-behalf of the District for the periods ending June 30, 2024, 2023, and 2022, were \$406,220, \$394,783, and \$287,539, respectively.

NOTE 13 – PENSION PLAN OBLIGATIONS

A. Plan Description

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

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

B. Pension Plan Fiduciary Net Position

Detail 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.

C. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 13 – PENSION PLAN OBLIGATIONS (CONTINUED)

C. Benefits Provided (Continued)

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 in (A) above

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

D. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

	Contribution Rates
	2023
Member (Employee)	8.00%
Non-Employer Contributing Entity (State)	8.00%
Employers (District)	8.00%
Current fiscal year employer contributions	\$ 2,759,479
Current fiscal year member contributions	\$ 5,864,291
NECE on-behalf contributions	\$ 3,979,805

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

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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 13 – PENSION PLAN OBLIGATIONS (CONTINUED)

D. Contributions (Continued)

Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, there is a surcharge an employer is subject to.

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

E. Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected 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 taxexempt 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 are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 13 – PENSION PLAN OBLIGATIONS (CONTINUED)

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 are summarized below:

Asset Class	Target Allocation** %	Long-Term Expected Arithmetic Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity*	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return*	0.00%	3.60%	0.00%
Stable Value Hedge	5.00%	4.10%	0.20%
Real Return:			
Real Estate	15.00%	4.90%	1.10%
Energy, natural resources & Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity	8.00%	4.50%	0.40%
Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation expectation			2.30%
Volatility Drag****			-0.90%
Total	100.0%		8.00%

*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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 13 – PENSION PLAN OBLIGATIONS (CONTINUED)

F. Discount Rate Sensitivity Analysis

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

	1% Decrease (6.00%)	Current Single Discount Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	\$54,314,961	\$36,329,732	\$21,375,004

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On August 31, 2023, the District reported a liability of \$36,329,732 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 36,329,732
State's proportionate share of the net pension liability associated with the District	53,183,168
Total	\$ 89,512,900

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 pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

On August 31, 2023, the employer's proportion of the collective net pension liability was 0.0528891337% which was a decrease of 0.0015805891% from its proportion measured as of August 31, 2022.

Changes in Assumptions and Benefits 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.

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 in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 13 – PENSION PLAN OBLIGATIONS (CONTINUED)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2024, the District recognized pension expense of \$13,746,949 and revenue of \$8,030,198 for support provided by the State.

On June 30, 2024, the District reported its proportionate share of the TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 1,294,441	\$ 439,913
Changes in actuarial assumptions	3,436,081	840,887
Differences between projected and actual investment earnings	5,286,858	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,175,681	1,335,798
Contributions paid to TRS subsequent to the measurement date	2,349,653	-
Total	\$ 13,542,714	\$ 2,616,598

Contributions of \$2,349,653 paid to TRS subsequent to the measurement date are classified as deferred outflows of resources and will reduce pension liability in the next fiscal year. The remaining deferred inflows of resources and deferred outflows of resources related to pensions noted above will be amortized in pension expense in the government-wide financial statements as follows:

Year ended June 30,	Amount
2025	\$ 1,717,330
2026	999,551
2027	4,449,210
2028	1,361,228
2029	49,142
Thereafter	2
	\$ 8,576,463

The net pension liability activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	\$ 32,337,274	\$ 3,992,458	\$ -	\$ 36,329,732

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 14 – OTHER POST-EMPLOYMENT BENEFIT PLANS

A. Plan Description

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

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

B. OPEB Plan Fiduciary Net Position

Detail information about TRS-Care’s fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report (ACFR) 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.

C. Benefits Provided

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

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

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

	TRS-Care Monthly for Retirees	
	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

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 14 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

D. Contributions

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

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

	Contribution Rates	
	2023	2024
Member (Employee)	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/Private Funding Remitted by Employees	1.25%	1.25%
Current fiscal year employer contributions		\$ 622,373
Current fiscal year member contributions		\$ 464,275
NECE on-behalf contributions		\$ 763,710

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS-Care OPEB program). When hiring a TRS retiree, employers are required to pay 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.

E. 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.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 14 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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.

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost method	Individual Entry Age Normal
Inflation	2.30%
Single discount rate	4.13% as of August 31, 2023
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Salary increases	2.95% to 8.95%, including inflation
Ad hoc post-employment benefit changes	None

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.

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.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 14 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

F. Discount Rate Sensitivity Analysis

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

	1% Decrease in Discount Rate 3.13%	Current Single Discount Rate 4.13%	1% Increase in Discount Rate 5.13%
District's proportional share of the net OPEB liability	\$19,024,012	\$16,152,271	\$13,808,863

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

On June 30, 2024, the District reported a liability of \$16,152,271 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 16,152,271
State's proportionate share of the net OPEB liability associated with the District	19,490,198
Total	\$ 35,642,469

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 through August 31, 2023.

On August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.0729607408% which was a decrease of 0.0032696109% from its proportion measured as of August 31, 2022.

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportional share of the net OPEB liability	\$13,300,587	\$16,152,271	\$19,820,973

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 14 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes Since the Prior Actuarial Valuation

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

- The 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 of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2023, the District recognized OPEB expense of \$(7,341,478) and revenue of \$(4,166,5593) for support provided by the State. (Refer to the 2023 Allocation (Schedule) of Non-Employer Contributing Entity On-Behalf Payments (Contributions) for this information posted on the TRS website under GASB Statements 74 & 75.)

On June 30, 2024, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 730,768	\$ 13,589,077
Changes in actuarial assumptions	2,204,667	9,890,464
Differences between projected and actual investment earnings	6,979	-
Changes in proportion and differences between District contributions and the proportionate share of contributions	2,228,765	2,769,185
Contributions paid to TRS subsequent to the measurement date	524,648	-
Total	\$ 5,695,827	\$ 26,248,726

Contributions of \$524,648 paid to TRS subsequent to the measurement date are classified as deferred outflow of resources and will reduce OPEB liability in the next year.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 14 – OTHER POST-EMPLOYMENT BENEFIT PLANS (CONTINUED)

G. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Year ended August 31,	OPEB Expense Amount
2025	\$ (4,421,578)
2026	(3,680,755)
2027	(2,677,793)
2028	(3,288,892)
2029	(2,789,818)
Thereafter	(4,218,711)
	<u>\$ (21,077,547)</u>

The net OPEB liability for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Net OPEB Liability	\$ 18,252,599	\$ -	\$ (2,100,328)	\$ 16,152,271

NOTE 15 – CONSTRUCTION COMMITMENTS

At June 30, 2024, the District had the following construction commitments:

Project Name	Contract Amount	Architect/Civil Amount	Amount Expended	Remaining Commitment
Shimotsu Elementary HVAC Upgrades	\$ 1,710,677	\$ 107,417	\$ 1,651,564	\$ 166,530
Sharyland HS Fieldhouse HVAC	889,528	71,523	879,252	81,799
Sharyland HS Science Bldg. HVAC	1,154,033	92,023	1,043,087	202,969
Sharyland HS Main Bldg. HVAC	1,964,800	115,805	1,062,261	1,018,344
Sharyland HS CTE HVAC	632,000	48,980	644,924	36,056
Sharyland HS Band Hall HVAC	510,000	39,525	505,213	44,312
Sharyland HS Tennis Court Lights	500,000	-	2,434	497,566
District Wide Doors	1,425,363	-	277,170	1,148,193
District Wide Fencing	240,000	-	130,396	109,604
Generator (Technology)	400,000	-	42,950	357,050
Total	<u>\$ 9,426,401</u>	<u>\$ 475,273</u>	<u>\$ 6,239,251</u>	<u>\$ 3,662,423</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 16 – CONTINGENT LIABILITIES

The District participates in a number of grant programs funded by State and Federal Agencies. These programs are subject to compliance audits by the grantor agencies or their representative.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Audits of all of these programs for the year ended June 30, 2024 have not been conducted. Accordingly, the District’s compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures that may be disallowed by the grantor agency cannot be determined at this time, although the District expects such amount, if any, to be immaterial. The District is involved in a legal proceedings arising from its operations. Management in consultation with its attorneys believes the outcome will have no material effect on the District’s financial position.

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

Beginning balances were restated as follows:

	Governmental Funds	Governmental Activities
Beginning fund balance/net position, as previously reported	\$ 41,857,307	\$ 46,959,755
Correction of an error to recognize foundation revenues that should have been recognized in the general fund in the previous fiscal year.	479,765	479,765
Correction of an error to recognize SHARS revenue that was not recognized in the general fund in the previous fiscal year. This error had no impact on the governmental activities.	1,322,942	-
	\$ 43,660,014	\$ 47,439,520

NOTE 18 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 13, 2024, which is the date these financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 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	\$ 42,012,422	\$ 33,907,169	\$ 34,026,437	\$ 119,268
5800	State Program Revenues	59,213,659	68,181,845	69,871,906	1,690,061
5900	Federal Program Revenues	1,301,903	1,301,903	1,561,455	259,552
5020	Total Revenues	<u>102,527,984</u>	<u>103,390,917</u>	<u>105,459,798</u>	<u>2,068,881</u>
EXPENDITURES:					
Current:					
0011	Instruction	57,067,994	57,507,553	56,086,153	1,421,400
0012	Instructional Resources and Media Services	1,068,603	1,173,672	1,126,053	47,619
0013	Curriculum and Instructional Staff Development	829,000	675,967	636,943	39,024
0021	Instructional Leadership	3,034,124	3,076,134	2,762,193	313,941
0023	School Leadership	6,065,152	6,191,148	6,211,087	(19,939)
0031	Guidance, Counseling and Evaluation Services	3,902,852	4,143,134	3,982,875	160,259
0032	Social Work Services	46,081	46,910	37,457	9,453
0033	Health Services	924,715	954,685	895,187	59,498
0034	Student (Pupil) Transportation	4,525,470	5,033,756	4,503,141	530,615
0035	Food Service	-	100,000	76,824	23,176
0036	Extracurricular Activities	7,242,117	7,389,030	7,196,402	192,628
0041	General Administration	3,676,834	3,746,664	3,657,630	89,034
0051	Facilities Maintenance and Operations	10,215,605	11,291,512	10,967,835	323,677
0052	Security and Monitoring Services	1,558,850	1,738,301	1,703,944	34,357
0053	Data Processing Services	1,054,387	1,268,262	1,166,776	101,486
0061	Community Services	25,857	46,547	25,077	21,470
Debt Service:					
0071	Principal on Long-Term Debt	815,343	1,287,343	981,217	306,126
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilitates Acquisition and Construction	-	5,608,671	923,278	4,685,393
Intergovernmental:					
0093	Payment to Fiscal Agent/Member Discounts of SSA	-	-	-	-
0095	Payment to Juvenile Justice AEP	15,000	12,666	-	12,666
0099	Other Intergovernmental Charges	460,000	510,000	382,766	127,234
6030	Total Expenditures	<u>102,527,984</u>	<u>111,801,955</u>	<u>103,322,838</u>	<u>8,479,117</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(8,411,038)	2,136,960	10,547,998
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	36,303	36,303
7913	Issuance of Leases	-	-	546,597	546,597
7915	Transfers in	5,939,073	14,239,255	6,854,816	(7,384,439)
7949	Issuance of SBITAs	-	-	514,641	514,641
8911	Transfers Out	(5,939,073)	(15,343,064)	(8,979,137)	6,363,927
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,103,809)</u>	<u>(1,026,780)</u>	<u>77,029</u>
1200	Net Change in Fund Balances	-	(9,514,847)	1,110,180	10,625,027
0100	Fund Balance - (Beginning)	35,480,510	35,480,510	35,480,510	-
	Prior Period Adjustment	-	-	1,802,707	1,802,707
3000	Fund Balance - (Ending)	<u>\$ 35,480,510</u>	<u>\$ 25,965,663</u>	<u>\$ 38,393,397</u>	<u>\$ 12,427,734</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024

	FY 2024 <u>Plan Year 2023</u>	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>	FY 2021 <u>Plan Year 2020</u>
District's proportion of the net pension liability	0.0528891%	0.0544697%	0.0505428%	0.0515027%
District's proportionate share of the net pension liability	\$ 36,329,732	\$ 32,337,274	\$ 12,871,460	\$ 27,583,776
State's proportionate share of the net pension liability associated with the District	53,183,168	48,897,666	22,535,654	49,114,601
Total	<u>\$ 89,512,900</u>	<u>\$ 81,234,940</u>	<u>\$ 35,407,114</u>	<u>\$ 76,698,377</u>
District's Covered Payroll	\$ 72,222,089	\$ 70,868,091	\$ 67,289,299	\$ 67,936,378
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Payroll	50.30%	45.63%	19.13%	40.60%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	73.15%	75.62%	88.79%	75.54%

EXHIBIT G-2

<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>
0.0536486%	0.0557062%	0.0538332%	0.0532776%	0.0553427%	0.0283796%
\$ 27,888,239	\$ 30,662,045	\$ 17,212,946	\$ 20,132,798	\$ 19,562,908	\$ 7,580,584
<u>46,698,431</u>	<u>50,417,067</u>	<u>29,553,002</u>	<u>36,360,594</u>	<u>34,659,893</u>	<u>30,726,532</u>
<u>\$ 74,586,670</u>	<u>\$ 81,079,112</u>	<u>\$ 46,765,948</u>	<u>\$ 56,493,392</u>	<u>\$ 54,222,801</u>	<u>\$ 38,307,116</u>
\$ 63,696,089	\$ 62,609,369	\$ 59,733,574	\$ 58,753,125	\$ 56,328,129	\$ 52,936,190
43.78%	48.97%	28.82%	34.27%	34.73%	14.32%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE FISCAL YEAR ENDED JUNE 30,

	2024	2023	2022
Contractually required contributions	\$ 2,759,479	\$ 2,714,709	\$ 2,474,853
Contributions in relation to the contractual required contributions	(2,759,479)	(2,714,709)	(2,474,853)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered payroll	\$ 71,426,989	\$ 72,667,738	\$ 70,029,990
Contributions as a percentage of covered payroll	3.86%	3.74%	3.53%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 2,152,395	\$ 2,077,313	\$ 1,884,733	\$ 1,580,557	\$ 1,764,337	\$ 1,692,763	\$ 1,638,730
<u>(2,152,395)</u>	<u>(2,077,313)</u>	<u>(1,884,733)</u>	<u>(1,580,557)</u>	<u>(1,764,337)</u>	<u>(1,692,763)</u>	<u>(1,638,730)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 67,191,109	\$ 67,348,004	\$ 63,667,224	\$ 52,342,178	\$ 59,733,574	\$ 58,753,125	\$ 56,328,129
3.20%	3.08%	2.96%	3.02%	2.95%	2.88%	2.91%

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE MEASUREMENT YEARS ENDED JUNE 30,

	FY 2024 <u>Plan Year 2023</u>	FY 2023 <u>Plan Year 2022</u>	FY 2022 <u>Plan Year 2021</u>
District's proportion of the net liability for OPEB	0.0729607408%	0.0762303517%	0.0734759444%
District's proportionate share of the net OPEB liability	\$ 16,152,271	\$ 18,252,599	\$ 28,342,955
State's proportionate share of the net OPEB liability associated with the District	<u>19,490,198</u>	<u>22,265,304</u>	<u>37,973,243</u>
Total	<u>\$ 35,642,469</u>	<u>\$ 40,517,903</u>	<u>\$ 66,316,198</u>
District's Covered Payroll	\$ 72,222,089	\$ 70,868,091	\$ 67,289,299
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	22.36%	25.76%	42.12%
Plan fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.18%

Note: Only seven years of data is presented in accordance with GASB Statement No. 75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<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>
0.0750978328%	0.0757220571%	0.0766577635%	0.0720858232%
\$ 28,548,078	\$ 35,809,886	\$ 38,275,923	\$ 31,347,420
<u>38,361,773</u>	<u>47,583,332</u>	<u>52,506,786</u>	<u>45,889,160</u>
<u>\$ 66,909,851</u>	<u>\$ 83,393,218</u>	<u>\$ 90,782,709</u>	<u>\$ 77,236,580</u>
\$ 67,936,378	\$ 63,696,089	\$ 62,609,369	\$ 59,733,574
42.02%	56.22%	61.13%	52.48%
4.99%	2.66%	1.57%	0.91%

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE FISCAL YEAR ENDED JUNE 30,

	2024	2023	2022
Contractually required contributions	\$ 622,373	\$ 639,332	\$ 614,237
Contributions in relation to the contractual required contributions	(622,373)	(639,332)	(614,237)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered payroll	\$ 71,426,989	\$ 72,667,738	\$ 70,029,990
Contributions as a percentage of covered payroll	0.87%	0.88%	0.88%

Note: Only seven years of data is presented in accordance with GASB Statement No. 75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 573,336	\$ 564,240	\$ 535,369	\$ 443,946
<u>(573,336)</u>	<u>(564,240)</u>	<u>(535,369)</u>	<u>(443,946)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 67,191,109	\$ 67,348,004	\$ 63,667,224	\$ 52,342,178
0.85%	0.84%	0.84%	0.85%

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

A. Budgets

The official school original budget was prepared for adoption for required Governmental Fund Types by June 26, 2023. The budget was formally adopted by the Board of School Trustees at a duly advertised public meeting prior to the expenditure of funds. The Board also approved amendments throughout the year and the final amended budget by June 30th. Expenditures may not legally exceed budgeted appropriations at the function level. Annual budgets were adopted for the General Fund and the Debt Service Fund on a basis consistent with generally accepted accounting principles. The Debt Service Fund budget comparison schedule is presented in the Other Information section of the financial statements.

B. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30th, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget.

C. Pension

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

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

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 in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

D. Other Post-Employment Benefits:

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

Changes in assumptions - The following are changes to the actuarial assumptions or other inputs that affected measurement of Total OBEB liability during the measurement period:

- 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.

OTHER INFORMATION

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Last 10 Fiscal Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2015 and Prior Years	Various	Various	\$ Various
2016	1.1700	0.1655	2,899,657,284
2017	1.1700	0.2055	3,095,956,202
2018	1.1700	0.2055	3,160,662,252
2019	1.1700	0.2055	3,229,002,272
2020	1.0684	0.2303	3,397,479,887
2021	1.0492	0.2316	3,498,163,661
2022	1.0009	0.1584	3,768,385,675
2023	0.9429	0.1805	4,198,339,293
2024 (School Year Under Audit)	0.7575	0.2000	4,310,224,787
1000	TOTALS		

(10) Beginning Balance 7/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2024
\$ 714,419	\$ -	\$ 18,857	\$ 2,750	\$ (16,272)	\$ 676,540
89,131	-	2,901	410	(119)	\$ 85,701
118,172	-	3,606	633	(43)	\$ 113,890
101,066	-	8,441	1,483	100	\$ 91,242
166,558	-	19,666	3,454	(13,322)	\$ 130,116
186,862	-	30,849	6,650	(2,502)	\$ 146,861
250,485	-	39,913	8,810	(18,400)	\$ 183,362
446,471	-	104,959	16,611	(52,650)	\$ 272,251
1,651,871	-	755,826	144,688	(207,966)	\$ 543,391
-	39,797,050	30,006,594	7,922,533	(514,778)	\$ 1,353,145
<u>\$ 3,725,035</u>	<u>\$ 39,797,050</u>	<u>\$ 30,991,612</u>	<u>\$ 8,108,022</u>	<u>\$ (825,952)</u>	<u>\$ 3,596,499</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – CHILD NUTRITION PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 735,000	\$ 635,000	\$ 678,719	\$ 43,719
5800	State Program Revenues	28,500	26,500	25,846	(654)
5900	Federal Program Revenues	5,634,000	6,250,000	6,758,834	508,834
5020	Total Revenues	6,397,500	6,911,500	7,463,399	551,899
EXPENDITURES:					
Current:					
35	Food Services	6,164,500	8,552,106	7,130,319	1,421,787
51	Facilities Maintenance and Operations	233,000	356,394	297,999	58,395
52	Security and Monitoring Services	-	3,000	2,319	681
6030	Total Expenditures	6,397,500	8,911,500	7,430,637	1,480,863
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,000,000)	32,762	2,032,762
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	6,120	6,120
7080	Total Other Financing Sources (Uses)	-	-	6,120	6,120
1200	Net Change in Fund Balances	-	(2,000,000)	38,882	2,038,882
0100	Fund Balance - (Beginning)	3,111,068	3,111,068	3,111,068	-
3000	Fund Balance - (Ending)	\$ 3,111,068	\$ 1,111,068	\$3,149,950	\$ 2,038,882

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 7,999,997	\$ 8,327,745	\$ 8,360,400	\$ 32,655
5800	State Program Revenues	-	991,422	961,556	(29,866)
5020	Total Revenues	<u>7,999,997</u>	<u>9,319,167</u>	<u>9,321,956</u>	<u>2,789</u>
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long Term Debt	7,999,997	9,319,167	5,235,000	4,084,167
0072	Interest on Long Term Debt	-	-	3,049,981	(3,049,981)
0073	Bond Issuance Cost and Fees	-	-	62,333	(62,333)
6030	Total Expenditures	<u>7,999,997</u>	<u>9,319,167</u>	<u>8,347,314</u>	<u>971,853</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	974,642	974,642
1200	Net Change in Fund Balances	-	-	974,642	974,642
0100	Fund Balance - (Beginning)	<u>2,667,840</u>	<u>2,667,840</u>	<u>2,667,840</u>	-
3000	Fund Balance - (Ending)	<u>\$ 2,667,840</u>	<u>\$ 2,667,840</u>	<u>\$ 3,642,482</u>	<u>\$ 974,642</u>

SHARYLAND INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Data
Control
Codes

Section A: Compensatory Education Programs		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 9,660,782
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 4,457,701
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 2,059,002
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 1,069,845

SINGLE AUDIT SECTION

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

To the Board of Trustees
Sharyland Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sharyland Independent School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002 and 2024-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

District's Response to Findings

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

Purpose of This Report

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

Burton, McCumber, & Longoria LLP

McAllen, Texas
November 13, 2024

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

To the Board of Trustees
Sharyland Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Sharyland Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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 June 30, 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.

Burton, McCumber, & Longoria LLP

McAllen, Texas
November 13, 2024

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SHARYLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal Control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
10.553/10.555	Child Nutrition Cluster
84.365A	English Language Acquisition State Grants
10.558	Child and Adult Food Care Program

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

Low Risk Auditee: Yes

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings

Reference Number 2024-001	Revenue Recognition
Criteria and Condition:	Generally accepted accounting principles require revenue be recognized in the period in which they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if it is collected within 60 days of the current fiscal period. We noted a balance totaling \$1,322,942 related to SHARS met the criteria for revenue recognition in the prior fiscal year but was not recognized.
Cause and Effect:	When the funds were received, the cash collected was properly applied against the receivable balance. However, a second entry to reduce the related deferred inflow of resources and recognize revenue was not posted. As a result, revenues for the fiscal year ended June 30, 2023 were understated by \$1,332,942. Consequently, the fund balance previously reported as of June 30, 2023 was understated and prior period adjustment was needed in the current year to correct this error.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend internal controls be strengthened to ensure such errors are prevented and/or detected in a timely manner. Such controls may include a monthly reconciliation of the receivable balance and the deferred inflow of resources balance to ensure revenue is properly recognized.
Views of Responsible Officials:	See management’s corrective action plan.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Reference Number 2024-002	Leases and SBITAs
Criteria and Condition:	The accounting for leases and subscription-based IT arrangements (SBITA) should follow the accounting guidance as outlined in GASB Statement No. 87 and No. 96, respectively. We noted errors in the accounting for leases and SBITAs which required audit adjustments. For example, the governmental fund journal entries to book the capital outlay and other financing sources had not been posted. Additionally, account balances did not agree to supporting amortization schedules.
Cause and Effect:	The accounting pronouncement for leases and SBITAs became effective for the District's fiscal years June 30, 2022 and June 30, 2023, respectively. Because these pronouncements are fairly new, accounting guidance continues to be updated and analyzed. Additionally, the District experienced staff changes within its finance department. These factors contributed to errors in the accounting for leases and SBITAs that were not identified or corrected.
Repeat Finding from Prior Year(s):	N/A
Recommendation:	We recommend training be provided to finance staff to ensure proper accounting for leases and SBITAs. We also recommend supporting schedules and related journal entries related to these areas be reviewed by someone other than the preparer to provide checks and balances in the process.
Views of Responsible Officials:	See management's corrective action plan.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section II – Financial Statement Findings

Reference Number 2024-003	Transferability of Funds SEFA Reporting
Criteria and Condition:	<p>The District used the transferability option to transfer funds from the Student Support and Academic Enrichment Program (ALN 84.424A) to Title I, Part A (ALN 84.010A) and from Supporting Effective Instruction (ALN 84.367A) to English Language Acquisition (ALN 84.365A).</p> <p>Expenditures of funds transferred from one program to another should be included in the total expenditures of the receiving program for purposes of (1) determining Type A programs, and (2) completing the Schedule of Expenditures of Federal Awards (SEFA). A footnote to the SEFA is encouraged showing amounts transferred between programs. For programs where the transferability option was used, we noted the expenditures were reported under the original program rather than under the receiving program.</p>
Cause and Effect:	<p>The District was not aware of the SEFA reporting requirement as it relates to transferability of funds. Reporting expenditures under an incorrect federal program may result in incorrect balances submitted to the federal audit clearinghouse. Additionally, it may cause the auditor to identify major programs for testing incorrectly.</p>
Repeat Finding from Prior Year(s):	N/A
Recommendation:	<p>We recommend the guidance related to transferability be reviewed to ensure the SEFA is prepared in a manner consistent with the requirements.</p>
Views of Responsible Officials:	<p>See management’s corrective action plan.</p>



SUPERINTENDENT

Dr. Elaine Howard

BOARD OF TRUSTEES

Maritza Venecia – President

Hector Rivera – Vice President

David Keith - Secretary

Meagan Sullivan – Asst. Secretary

Julio Cerda – Member

Dr. Noe Oliveira – Member

Andrew Riddle - Member

1200 N. SHARY ROAD, MISSION, TX 78572 PHONE: 956-580-5200 FAX: 956-580-5229 WWW.SHARYLANDISD.ORG

Corrective Action for Financial Statement Findings

Reference Number 2024-001 Revenue Recognition

Corrective Action: The District is currently reviewing processes for all internal controls. District will be evaluating processes to implement improvements that are compliant with GAAP.

Proposed Completion Date: January 31, 2025

Name of Contact Person: Jaime Ortega, Chief Financial Officer

Contact: (956) 580-5200 ext. 1020

Reference Number 2024-002 Leases and SBITAS

Correction Action: District Staff will attend trainings related to GASB pronouncements to ensure timely and accurate implementation. District is evaluating staffing needs and will assign process to multiple staff for review and completion of task.

Proposed Completion Date: June 30, 2025

Name of Contact Person: Jaime Ortega, Chief Financial Officer

Contact: (956) 580-5200 ext. 1020

Reference Number 2024-003 Transferability of Funds SEFA Reporting

Corrective Action: District staff will attend TEA Federal Compliance trainings to ensure SEFA preparation is compliant with requirements.

Proposed Completion Date: June 30, 2025

Name of Contact Person: Jaime Ortega, Chief Financial Officer

Contact: (956) 580-5200 ext. 1020

SISD does not discriminate on basis of race, color, national origin, gender, religion, age or disability in employment or provision of services, programs or activities.

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SHARYLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FEDERAL GRANTER/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(1) Federal Assistance Listing Number	(2a) Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	(3) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<u>Passed Through Texas Department of Agriculture</u>				
Child Nutrition Cluster				
*School Breakfast Program	10.553	NT4XL1YGLGC5	\$ -	\$ 1,293,359
*School Breakfast Program - SSO	10.553	NT4XL1YGLGC5	-	16,091
Total ALN 10.553			-	1,309,450
*National School Lunch Program	10.555	NT4XL1YGLGC5	-	3,938,622
*National School Lunch Program - SSO	10.555	NT4XL1YGLGC5	-	59,073
*National School Lunch Program - SCA	10.555	NT4XL1YGLGC5	-	390,106
Total ALN 10.555			-	4,387,801
Total Child Nutrition Cluster			-	5,697,251
Commodity Supplemental Food Program	10.565	NT4XL1YGLGC5	-	424,222
Total ALN 10.565			-	424,222
Child and Adult Care Food Program	10.558	NT4XL1YGLGC5	-	627,019
Total ALN 10.558			-	627,019
State Administrative Expenses (SAE)	10.560	NT4XL1YGLGC5	-	10,343
Total ALN 10.560			-	10,343
Total Passed Through State Department of Agriculture			-	6,758,835
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ -	\$ 6,758,835
U.S. DEPARTMENT OF DEFENSE				
<u>Direct Programs</u>				
Junior Reserve Officer Training Corps	12.U01	108-911	\$ -	\$ 55,843
Total ALN 12.U01			-	55,843
Total Direct Programs			-	55,843
TOTAL U.S. DEPARTMENT OF DEFENSE			\$ -	\$ 55,843
U.S. DEPARTMENT OF EDUCATION				
<u>Passed Through Texas Department of Education</u>				
Title I Grants to Local Educational Agencies	84.010A	23610101108911	\$ -	\$ 348,324
Title I Grants to Local Educational Agencies	84.010A	24610101108911	-	2,736,444
Title I Grants to Local Educational Agencies	84.010A	23680101108911	-	24,968
Title I Grants to Local Educational Agencies	84.010A	24680101108911	-	193,375
Total ALN 84.010A			-	3,303,111
Migrant Education State Grant Program	84.011A	23615001108911	-	7,726
Migrant Education State Grant Program	84.011A	24615001108911	-	68,853
Total ALN 84.011A			-	76,579

EXHIBIT K-1

FEDERAL GRANTER/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(1) Federal Assistance Listing Number	(2a) Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	(3) Federal Expenditures
Special Education Cluster (IDEA)				
*Special Education Grants to States	84.027A	236600011089116600	-	53,116
*Special Education Grants to States	84.027A	246600011089116600	-	1,698,992
*IDEA-B Formula ARP - COVID-19	84.027X	235350011089115350	-	105,855
Total ALN 84.027A & X			-	1,857,963
*Special Education Preschool Grants	84.173A	236610011089116610	-	462
*Special Education Preschool Grants	84.173A	246610011089116610	-	16,299
*Special Education Preschool Grants ARP - COVID-19	84.173X	235360011089115360	-	7,005
Total ALN 84.173A & X			-	23,766
Total Special Education Cluster (IDEA)			-	1,881,729
Career and Technical Ed - Basic Grants to States	84.048A	23420006108911	-	2,261
Career and Technical Ed - Basic Grants to States	84.048A	24420006108911	-	142,866
Total ALN 84.048A			-	145,127
English Language Acquisition State Grants	84.365A	23671001108911	-	1,422
English Language Acquisition State Grants	84.365A	24671001108911	-	319,328
English Language Acquisition State Grants	84.365A	23694501108911	-	21,653
English Language Acquisition State Grants	84.365A	24694501108911	-	502,025
Total ALN Number 84.365A			-	844,428
TCLASS - ESSER III - COVID-19	84.425U	21528042108911	-	161,732
Total ALN 84.425U			-	161,732
CRRSA ESSER II - COVID-19	84.425D	21521001108911	-	1,377,515
ARP ESSER III - COVID-19	84.425D	21528001108911	-	7,209,649
Total ALN 84.425D			-	8,587,164
ARP Homeless II - COVID-19	84.425W	21533002108911	-	56,692
Total ALN 84.425W			-	56,692
Grants for State Assessments and Related Activities	84.369A	69552102	-	20,834
Total ALN 84.369A			-	20,834
Total Passed Through Texas Department of Education			-	15,077,396
Passed Through Region One Education Service Center				
Gaining Early Awareness and Readiness for Undergraduate Program (GEAR-UP)	84.334A	P334A210014	-	4,264
Gaining Early Awareness and Readiness for Undergraduate Program (GEAR-UP)	84.334A	P334A210014	-	85,316
Total ALN 84.334A			-	89,580
Effective Advising Planning Grant	84.048A	V048A220043	-	15,000
Total ALN 84.048A			-	15,000
*SPED Capacity Contracted Services Grant	84.027A	236600497110001	-	28,610
Total ALN 84.027A			-	28,610
Total Passed Through Region One Education Service Center			-	133,190
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ -	\$ 15,210,586
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 22,025,264

*Clustered Programs

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Compliance Supplement, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Reconciliation of Schedule of Expenditures of Federal Awards(Schedule K-1) to Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit C-3):

Total expenditures of federal awards, per Exhibit K-1	\$ 22,025,264
School Health and Related Services (SHARS)	1,189,779
JET Grant	(1,064)

Total Federal Revenues, per Exhibit C-3	\$ 23,213,979

NOTE 3 – INDIRECT COST RATE

Sharyland Independent School District elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – SUB-RECIPIENTS

During the year ended June 30, 2024, the District had no pass-through to sub-recipients.

NOTE 5 – FEDERAL LOANS AND LOAN GUARANTEES

During the year ended June 30, 2024, the District had no outstanding federal loans payable or loan guarantees.

NOTE 6 – FEDERALLY FUNDED INSURANCE

During the year ended June 30, 2024, the District had no federally funded insurance.

SHARYLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 7 – NONCASH AWARDS

During the year ended June 30, 2024, the District received \$424,222 as non-cash assistance under the Commodity Supplemental Food Program.

NOTE 8 – CONTINGENCIES

Grant monies received and disbursed by the District are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the District does not believe that such disallowance, if any, would have a material effect on the financial position of the District.

NOTE 9 – FEDERAL PASS-THROUGH FUNDS

The District is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

NOTE 10 – TRANSFERABILITY

As allowed by federal regulations, the District elected to transfer program funds as follows:

The District expended \$218,343 from its Title IV, Part A, Subpart 1 Student Support and Academic Enrichment Program (84.424A) on allowable activities of the Title I Grants to Local Educational Agencies (84.010A). This amount is reflected in the expenditures of Title I Grants to Local Educational Agencies (84.010A).

The District expended \$523,678 from its Title II, Part A - Supporting Effective Instruction State Grants (84.367A) on allowable activities of the Title III, Part A - English Language Acquisition State Grants (84.365A). This amount is reflected in the expenditures of Title III, Part A - English Language Acquisition State Grants (84.365A).