
SHELDON INDEPENDENT
SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

For the Year Ended June 30, 2024



CPAs and Professional Consultants

SHELDON INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Sheldon Independent School District

Name of School District

Harris

County

101-924

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended June 30, 2024, at a meeting of the board of trustees of such school district on November 19, 2024.



Signature of Board Secretary



Signature of Board President



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Sheldon Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sheldon 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 accompanying 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

To the Board of Trustees
Sheldon Independent School District

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 combining fund financial statements, required Texas Education Agency (TEA) schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

To the Board of Trustees
Sheldon Independent School District

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 GAAS. In our opinion the combining fund financial statements, required TEA schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule L-1 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 19, 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.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas
November 19, 2024



SHELDON INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Sheldon Independent School District (the "District"), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at year-end by \$35,613,739 (net position).
- The District's total net position increased by \$5,219,009 from current operations.
- As of the close of the fiscal year, the District's governmental funds had combined ending fund balances of \$145,314,033, a decrease of \$26,903,741 as compared to the preceding period. The change in governmental fund balances was primarily due to an increase in facility acquisition and construction activity.
- At the end of the fiscal year, unassigned fund balance of the general fund was \$41,062,718 or 33% of the fiscal year's total general fund expenditures.
- The District's total bonded debt decreased by \$13,845,000 or 3% during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is 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 basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

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 enterprise.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused sick leave).

The government-wide financial operations (*governmental activities*) of the District are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Cocurricular/Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Facilities Repair and Maintenance, Contracted Instructional Services Between Schools, Payments to Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges*.

The business-type activities include the District's tuition/fee based self-sustaining Early Learning Center Daycare, an employee child care program. Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges.

SHELDON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The government-wide financial statements can be found as noted in the table of contents.

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 legal requirements. 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 cash resources*, as well as on *balances of cash resources* available at the end of the fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements 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 effect of the District'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*.

The District maintained thirty-two (32) individual governmental funds during the fiscal year. 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, debt service fund, and capital projects funds, which are considered to be major funds. Data from the other twenty-nine (29) governmental funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison schedule has been provided for the general fund and national school breakfast and lunch program special revenue fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found as noted in the table of contents.

Proprietary Fund. The propriety fund provides the same type of information as the government-wide financial statements, only in more detail. There are two types of proprietary funds. Enterprise funds are used to report the same function 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, which is the tuition-based self-sustaining employee child care program, Early Learning Center Day Care. 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 does not have any internal service funds to report. The basic proprietary fund financial statements are noted in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students and student organizations. 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 and activities. The District is the trustee, or custodian, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District maintains fiduciary funds for scholarships and student activities. The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

SHELDON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are noted in the table of contents of this report.

Required Supplementary 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. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds with legally adopted annual budgets. The District did not have any major special revenue funds with legally adopted annual budgets; therefore, only the general fund is presented as required supplementary information. Additionally, the required supplementary information presents the District's pension and OPEB schedules. The required supplementary information can be found as noted in the table of contents.

Other Information. In addition to the basic financial statements and accompanying notes and required supplemental information, this report presents additional supplementary information, including schedules required by the Texas Education Agency. Such information is noted in the table of contents of this report.

Government-wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. At the close of the District's most recent fiscal year end, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,613,739.

The District's net investment in capital assets (e.g. land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets, amounted to \$39,502,524. 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.

Sheldon Independent School District's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 169,466,306	\$ 189,962,464	\$ 27,097	\$ 25,321	\$ 169,493,403	\$ 189,987,785
Capital assets	424,190,778	401,678,420	-	-	424,190,778	401,678,420
Total Assets	593,657,084	591,640,884	27,097	25,321	593,684,181	591,666,205
Deferred outflows	38,413,622	34,819,300	-	-	38,413,622	34,819,300
Total Deferred Outflows of Resources	38,413,622	34,819,300	-	-	38,413,622	34,819,300
Current liabilities	27,204,890	19,538,281	97	3,562	27,204,987	19,541,843
Noncurrent liabilities	536,932,853	540,744,994	-	-	536,932,853	540,744,994
Total Liabilities	564,137,743	560,283,275	97	3,562	564,137,840	560,286,837
Deferred inflows	32,346,224	35,803,938	-	-	32,346,224	35,803,938
Total Deferred Inflows of Resources	32,346,224	35,803,938	-	-	32,346,224	35,803,938
Net Position						
Net investment in capital assets	39,502,524	32,073,490	-	-	39,502,524	32,073,490
Restricted	21,485,617	15,412,265	-	-	21,485,617	15,412,265
Unrestricted	(25,401,402)	(17,112,784)	27,000	21,759	(25,374,402)	(17,091,025)
Total Net Position	\$ 35,586,739	\$ 30,372,971	\$ 27,000	\$ 21,759	\$ 35,613,739	\$ 30,394,730

SHELDON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Net position of \$21,485,617 is restricted for future debt service and grant expenditures. At the end of the current period, the District is able to report positive net position for governmental and business-type activities.

The District's net position increased by \$5,219,009 primarily as a result of increased revenues related to state aid, and operating grants and contributions.

Governmental Activities. Governmental activities increased the District's net position by \$5,213,768.

Sheldon Independent School District's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Program Revenues						
Charges for services	\$ 643,947	\$ 732,659	\$ 285,044	\$ 284,688	\$ 928,991	\$ 1,017,347
Operating grants	32,786,804	26,774,911	-	-	32,786,804	26,774,911
General Revenues						
Property taxes, levied for general	47,182,892	56,875,124	-	-	47,182,892	56,875,124
Property taxes, levied for debt service	34,014,616	28,595,326	-	-	34,014,616	28,595,326
State Aid - Formula Grants	60,447,503	50,167,316	-	-	60,447,503	50,167,316
Grants and contributions						
not restricted	-	897,636	-	-	-	897,636
Interest earnings	8,037,144	3,864,682	-	-	8,037,144	3,864,682
Gain (loss) on sale of capital asset	-	-	-	-	-	-
Other	871,057	813,109	-	-	871,057	813,109
Total Revenues	183,983,963	168,720,763	285,044	284,688	184,269,007	169,005,451
Expenses						
Instruction	93,193,162	85,773,119	-	-	93,193,162	85,773,119
Instructional resources and media services	1,226,803	1,153,143	-	-	1,226,803	1,153,143
Curriculum and staff development	182,684	184,924	-	-	182,684	184,924
Instructional leadership	5,134,757	4,723,414	-	-	5,134,757	4,723,414
School leadership	7,833,047	7,462,255	-	-	7,833,047	7,462,255
Guidance, counseling, and evaluation services	2,633,125	2,350,590	-	-	2,633,125	2,350,590
Social work services	38,580	41,963	-	-	38,580	41,963
Health services	1,064,355	1,068,153	-	-	1,064,355	1,068,153
Student transportation	7,354,867	7,301,200	-	-	7,354,867	7,301,200
Food service	9,772,955	8,439,961	-	-	9,772,955	8,439,961
Extracurricular activities	3,587,092	3,576,261	-	-	3,587,092	3,576,261
General administration	3,712,636	3,361,050	-	-	3,712,636	3,361,050
Facilities maintenance and operations	16,009,799	14,768,960	-	-	16,009,799	14,768,960
Security and monitoring services	2,307,376	2,244,530	-	-	2,307,376	2,244,530
Data processing services	2,188,064	1,933,285	-	-	2,188,064	1,933,285
Community services	63,570	89,749	-	-	63,570	89,749
Interest and fiscal charges for long term debt	17,002,653	15,611,747	-	-	17,002,653	15,611,747
Debt issuance costs and fees	-	27,643	-	-	-	27,643
Facilities acquisition and construction	4,624,084	2,827,296	-	-	4,624,084	2,827,296
Other governmental charges	730,586	642,135	-	-	730,586	642,135
Day Care	-	-	389,803	359,151	389,803	359,151
Total Expenses	178,660,195	163,581,378	389,803	359,151	179,049,998	163,940,529
Excess (deficiency) before transfers	5,323,768	5,139,385	(104,759)	(74,463)	5,219,009	5,064,922
Transfers	(110,000)	(60,000)	110,000	60,000	-	-
Increase (Decrease) in Net Position	5,213,768	5,079,385	5,241	(14,463)	5,219,009	5,064,922
Beginning Net Position	30,372,971	25,293,586	21,759	36,222	30,394,730	25,329,808
Ending Net Position	\$ 35,586,739	\$ 30,372,971	\$ 27,000	\$ 21,759	\$ 35,613,739	\$ 30,394,730

SHELDON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Revenues are generated primarily from three sources: property taxes, state aid – formula grants, and operating grants and contributions. Property taxes (\$81,197,508), state aid – formula grants (\$60,447,503), and operating grants and contributions (\$32,786,804) represent 44 percent, 33 percent, and 18 percent of total revenues, respectively. The remaining \$9,552,148, or 5 percent of total revenues, is generated from charges for services, unrestricted grants and contributions, investment earnings, and miscellaneous revenues.

The primary functional expense of the District is instruction (\$93,193,162), which represents 52 percent of total expenses. Interest on long-term debt (\$17,002,653) represents 10 percent of total expenses and plant maintenance and operations (\$16,009,799) represents 9 percent of total expenses. The remaining individual functional categories of expenses are each 5 percent or less of total expenses.

Business-type Activities. Business-type activities operations increased the District's net position by \$5,241. Revenues remained consistent with the prior year. Expenses increased by \$30,652 or 9 percent, due to the increase in payroll costs. There was a transfer in of \$110,000 from the governmental activities to cover operating revenue shortages.

Financial Analysis of the Government's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 a District's net resources available for spending at the end of the fiscal year.

At the end of the period, the District's governmental funds had combined ending fund balances of \$145,314,033, a decrease of \$26,903,741 from the prior period.

The general fund is the primary operating fund of the District. At period end, unassigned fund balance of the general fund was \$41,062,718 while total fund balance was \$42,729,906. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33 percent of total general fund expenditures, while total fund balance represents 35 percent of that same total. The fund balance of the general fund decreased \$2,722,165 during the fiscal year, primarily due to board approved salary increases and retention incentives.

The debt service fund had a total fund balance of \$23,673,348, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$5,885,801 during the fiscal year, primarily due to increases in property tax revenue offset by expenditures for regularly scheduled principal and interest payments.

The capital projects fund has a total fund balance of \$75,684,476. The decrease in fund balance during the current period in the capital projects fund was \$30,271,383 due to the increase in facility acquisition and construction activity.

Proprietary Funds. The District's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds are addressed in the discussion of the District's business-type activities.

SHELDON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

General Fund Budgetary Highlights

The District amends the budget as needed throughout the fiscal year. The instruction expenditure function was increased by \$2,425,651 for additional teachers, full-time employees, and salary accrual; facilities maintenance and operations expenditure function increased by \$606,633 for contracted services; and general administration was increased by \$590,321 for additional staff, staff changes, and superintendent payoff.

Actual amounts expended for instruction were \$2,164,073 less than budgeted due to reclasses of salaries to federal grants and actual amounts expended for facilities maintenance and operations were \$1,399,118 less than budgeted due to decreases in facility operations costs.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental activities and business-type activities as of June 30, 2024 was \$424,190,778 (net of accumulated depreciation and amortization). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, right-to-use assets, and construction in progress. The increase in net capital assets for the current fiscal year was \$22,512,358.

Sheldon Independent School District's Capital Assets

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Land	\$ 38,037,787	\$ 38,037,787
Buildings and improvements	487,410,806	476,877,537
Furniture and equipment	20,201,697	19,326,873
Right-to-use assets	979,029	1,008,521
Construction in progress	<u>23,635,692</u>	<u>1,432,030</u>
	570,265,011	536,682,748
Accumulated depreciation and amortization	<u>(146,074,233)</u>	<u>(135,004,328)</u>
Governmental Capital Assets, Net	<u><u>\$ 424,190,778</u></u>	<u><u>\$ 401,678,420</u></u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Liabilities

At the end of the current fiscal year, the District had \$439,134,996 in outstanding bonded debt, a decrease of \$13,845,000 over the previous year, which resulted primarily from scheduled principal payments. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program. The underlying rating of the bonds from Standard from Moody's Investors Service is "Aa3" for general obligation debt.

<u>Outstanding 07/01/23</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 06/30/24</u>
\$ 452,979,996	\$ -	\$ (13,845,000)	<u>\$ 439,134,996</u>

Additional information on the District's long-term debt can be found in the notes to the financial statements.

SHELDON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budgets and Rates

- School year 2024-25, student enrollment is 10,954, compared to 10,990 in the preceding year.
- School year 2024-2025, budget is prepared for an expected enrollment of 11,247 students.
- District staff totals 1,635 employees in 2024-25, of which 740 are teachers and 337 are para-professionals.
- Taxable property values of the District are projected to increase by 1% for the 2024-25 year.
- A maintenance and operations tax rate of \$0.7552/\$100 and a debt service tax rate of \$0.50/\$100 (a total rate of \$1.2552) were adopted for 2024-25.

All of these factors were considered in preparing the District's budget for the 2024-25 fiscal year.

Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Sheldon Independent School District, 11411 C.E. King Parkway, Houston, Texas 77044-7192.



BASIC FINANCIAL STATEMENTS



SHELDON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

Exhibit A-1

Data Control Codes		Governmental Activities	Business-type Activities	Total
Assets				
1110	Cash and cash equivalents	\$ 3,369,443	\$ 165,143	\$ 3,534,586
1120	Current investments	133,976,530	-	133,976,530
1225	Property taxes receivables, net	3,749,718	-	3,749,718
1240	Due from other governments	20,440,811	-	20,440,811
1260	Internal balances	138,046	(138,046)	-
1290	Other receivables, net	9,946	-	9,946
1300	Inventories	529,197	-	529,197
1410	Prepaid items	507,293	-	507,293
	Capital assets not subject to depreciation and amortization:			
1510	Land	38,037,787	-	38,037,787
1580	Construction in progress	23,635,692	-	23,635,692
	Capital assets net of depreciation and amortization:			
1520	Buildings and improvements, net	355,746,977	-	355,746,977
1530	Furniture and equipment, net	6,543,588	-	6,543,588
1550	Right-to-use assets, net	226,734	-	226,734
1800	Restricted assets	6,745,322	-	6,745,322
1000	Total Assets	593,657,084	27,097	593,684,181
Deferred Outflows of Resources				
	Deferred charge on refunding	790,978	-	790,978
	Deferred outflows - pension	23,700,543	-	23,700,543
	Deferred outflows - OPEB	13,922,101	-	13,922,101
1700	Total Deferred Outflows of Resources	38,413,622	-	38,413,622
Liabilities				
2110	Accounts payable	8,699,808	97	8,699,905
2140	Interest payable	6,243,361	-	6,243,361
2150	Payroll deductions and withholdings	1,054,919	-	1,054,919
2160	Accrued wages payable	10,452,539	-	10,452,539
2180	Due to other governments	466,768	-	466,768
2190	Due to student groups	51,494	-	51,494
2300	Unearned revenue	236,001	-	236,001
	Noncurrent Liabilities:			
2501	Due within one year	14,446,660	-	14,446,660
2502	Due in more than one year	449,125,818	-	449,125,818
2540	Net pension liability	52,827,042	-	52,827,042
2545	Net OPEB liability	20,533,333	-	20,533,333
2000	Total Liabilities	564,137,743	97	564,137,840
Deferred Inflows of Resources				
	Deferred gain on refunding	450,650	-	450,650
	Deferred inflows - pension	2,047,558	-	2,047,558
	Deferred inflows - OPEB	29,848,016	-	29,848,016
2600	Total Deferred Inflows of Resources	32,346,224	-	32,346,224
Net Position (Deficit)				
3200	Net investment in capital assets	39,502,524	-	39,502,524
	Restricted for:			
3820	Federal and state programs	3,190,870	-	3,190,870
3850	Debt service	18,294,747	-	18,294,747
3900	Unrestricted	(25,401,402)	27,000	(25,374,402)
3000	Total Net Position (Deficit)	\$ 35,586,739	\$ 27,000	\$ 35,613,739

SHELDON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Data Control Codes	Functions/Programs	Expenses	Program Revenue	
			Charges for Services	Operating Grants and Contributions
Governmental Activities:				
11	Instruction	\$ 93,193,162	\$ -	\$ 15,699,099
12	Instructional resources and media services	1,226,803	-	23,178
13	Curriculum and staff development	182,684	-	-
21	Instructional leadership	5,134,757	-	596,765
23	School leadership	7,833,047	-	163,950
31	Guidance, counseling, and evaluation services	2,633,125	-	400,367
32	Social work services	38,580	-	-
33	Health services	1,064,355	-	609,286
34	Student transportation	7,354,867	-	78,031
35	Food service	9,772,955	643,947	8,769,653
36	Extracurricular activities	3,587,092	-	30,649
41	General administration	3,712,636	-	1,173,304
51	Facilities maintenance and operations	16,009,799	-	220,716
52	Security and monitoring services	2,307,376	-	40,332
53	Data processing services	2,188,064	-	444,311
61	Community services	63,570	-	62,522
72	Interest on long-term debt	17,002,653	-	2,711,260
81	Facilities repairs	4,624,084	-	1,763,381
99	Other intergovernmental charges	730,586	-	-
TG	Total Governmental Activities	<u>178,660,195</u>	<u>643,947</u>	<u>32,786,804</u>
Business-Type Activities:				
01	Day Care	389,803	285,044	-
TB	Total Business-Type Activities	<u>389,803</u>	<u>285,044</u>	<u>-</u>
TP	Total Primary Government	<u>\$ 179,049,998</u>	<u>\$ 928,991</u>	<u>\$ 32,786,804</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Exhibit B-1
Page 2 of 2

		Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
Data Control Codes	Functions/Programs	Governmental Activities	Business-type Activities	Total
Governmental Activities:				
11	Instruction	\$ (77,494,063)	\$ -	\$ (77,494,063)
12	Instructional resources and media services	(1,203,625)	-	(1,203,625)
13	Curriculum and staff development	(182,684)	-	(182,684)
21	Instructional leadership	(4,537,992)	-	(4,537,992)
23	School leadership	(7,669,097)	-	(7,669,097)
31	Guidance, counseling, and evaluation services	(2,232,758)	-	(2,232,758)
32	Social work services	(38,580)	-	(38,580)
33	Health services	(455,069)	-	(455,069)
34	Student transportation	(7,276,836)	-	(7,276,836)
35	Food service	(359,355)	-	(359,355)
36	Extracurricular activities	(3,556,443)	-	(3,556,443)
41	General administration	(2,539,332)	-	(2,539,332)
51	Facilities maintenance and operations	(15,789,083)	-	(15,789,083)
52	Security and monitoring services	(2,267,044)	-	(2,267,044)
53	Data processing services	(1,743,753)	-	(1,743,753)
61	Community services	(1,048)	-	(1,048)
72	Interest on long-term debt	(14,291,393)	-	(14,291,393)
81	Facilities repairs	(2,860,703)	-	(2,860,703)
99	Other intergovernmental charges	(730,586)	-	(730,586)
TG	Total Governmental Activities	(145,229,444)	-	(145,229,444)
Business-Type Activities:				
01	Day Care	-	(104,759)	(104,759)
TB	Total Business-Type Activities	-	(104,759)	(104,759)
TP	Total Primary Government	(145,229,444)	(104,759)	(145,334,203)
General Revenues and Transfers:				
Taxes:				
MT	Property taxes, levied for general purposes	47,182,892	-	47,182,892
DT	Property taxes, levied for debt service	34,014,616	-	34,014,616
SF	State-aid formula grants	60,447,503	-	60,447,503
IE	Investment earnings	8,037,144	-	8,037,144
MI	Miscellaneous	871,057	-	871,057
FR	Transfers	(110,000)	110,000	-
TR	Total General Revenues and Transfers	150,443,212	110,000	150,553,212
CN	Change in net position	5,213,768	5,241	5,219,009
NB	Net Position (Deficit) - Beginning	30,372,971	21,759	30,394,730
NE	Net Position (Deficit) - Ending	\$ 35,586,739	\$ 27,000	\$ 35,613,739

SHELDON INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024**

Data Control Codes	General Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
1110 Cash and cash equivalents	\$ 2,504,095	\$ 24,677	\$ 1,543	\$ 839,128	\$ 3,369,443
1120 Investments	32,190,581	17,723,820	81,236,025	2,826,104	133,976,530
Receivables:					
1220 Property taxes - delinquent	3,448,354	1,178,552	-	-	4,626,906
1230 Allowance for uncollectible taxes (credit)	(653,753)	(223,435)	-	-	(877,188)
1240 Due from other governments	18,481,401	352,616	-	1,606,794	20,440,811
1260 Due from other funds	3,035,389	-	968,208	186,242	4,189,839
1290 Other receivables	9,946	-	-	-	9,946
1300 Inventories, at cost	403,796	-	-	125,401	529,197
1410 Prepaid items	498,168	-	-	9,125	507,293
1800 Restricted assets	-	6,745,322	-	-	6,745,322
1000 Total Assets	<u>\$ 59,917,977</u>	<u>\$ 25,801,552</u>	<u>\$ 82,205,776</u>	<u>\$ 5,592,794</u>	<u>\$ 173,518,099</u>
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
2110 Accounts payable	\$ 1,831,518	\$ 5,750	\$ 6,521,300	\$ 341,240	\$ 8,699,808
2150 Payroll deductions and withholdings	1,054,919	-	-	-	1,054,919
2160 Accrued wages payable	10,169,117	-	-	283,422	10,452,539
2170 Due to other funds	1,055,144	1,257,694	-	1,738,955	4,051,793
2180 Due to other governments	463,894	-	-	2,874	466,768
2190 Due to student groups	51,494	-	-	-	51,494
2300 Unearned revenue	236,001	-	-	-	236,001
2000 Total Liabilities	<u>14,862,087</u>	<u>1,263,444</u>	<u>6,521,300</u>	<u>2,366,491</u>	<u>25,013,322</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,325,984	864,760	-	-	3,190,744
2600 Total Deferred Inflows of Resources	<u>2,325,984</u>	<u>864,760</u>	<u>-</u>	<u>-</u>	<u>3,190,744</u>
Fund Balances:					
Nonspendable:					
3410 Inventories	403,796	-	-	-	403,796
3430 Prepaid items	498,168	-	-	-	498,168
Restricted:					
3450 Grant restrictions	65,224	-	-	3,125,646	3,190,870
3470 Capital acquisitions	-	-	75,684,476	-	75,684,476
3480 Debt service	-	23,673,348	-	-	23,673,348
Committed:					
3545 Other purposes	-	-	-	100,657	100,657
Assigned:					
3590 Other	700,000	-	-	-	700,000
3600 Unassigned	41,062,718	-	-	-	41,062,718
3000 Total Fund Balances	<u>42,729,906</u>	<u>23,673,348</u>	<u>75,684,476</u>	<u>3,226,303</u>	<u>145,314,033</u>
4000 Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 59,917,977</u>	<u>\$ 25,801,552</u>	<u>\$ 82,205,776</u>	<u>\$ 5,592,794</u>	<u>\$ 173,518,099</u>

SHELDON INDEPENDENT SCHOOL DISTRICT

Exhibit C-1R

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION

June 30, 2024

<u>Data Control Codes</u>		
	Total Fund Balance, Governmental Funds	\$ 145,314,033
	Amounts reported for governmental activities in the statement of net position are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation and amortization, where applicable.	424,190,778
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	3,190,744
3	Deferred loss on refunding	790,978
4	Deferred gain on refunding	(450,650)
5	Deferred inflows relating to pension activities	(2,047,558)
6	Deferred inflows relating to OPEB activities	(29,848,016)
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
7	General obligation bonds	(439,134,996)
8	Premium/Discount on issuance	(21,326,970)
9	Accumulated accretion on capital appreciation bonds	(151,021)
10	Leases payable	(251,092)
11	Arbitrage liability	(1,433,735)
12	Accrued compensated absences	(1,274,664)
13	Accrued interest payable	(6,243,361)
14	Net pension liability	(52,827,042)
15	Net OPEB liability	(20,533,333)
16	Deferred outflows relating to pension activities	23,700,543
17	Deferred outflows relating to OPEB activities	13,922,101
29	Total Net Position - Governmental Activities	<u>\$ 35,586,739</u>

SHELDON INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

Data Control Codes					Total Nonmajor	Total
		General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds	Governmental Funds
Revenues						
5700	Local, intermediate, and out-of-state	\$ 51,841,544	\$ 34,765,963	\$ 4,986,329	\$ 1,024,268	\$ 92,618,104
5800	State program revenues	66,886,768	2,053,155	-	930,366	69,870,289
5900	Federal program revenues	2,269,044	-	1,543,658	22,739,702	26,552,404
5020	Total Revenues	<u>120,997,356</u>	<u>36,819,118</u>	<u>6,529,987</u>	<u>24,694,336</u>	<u>189,040,797</u>
Expenditures						
Current:						
0011	Instruction	73,126,140	-	-	13,543,445	86,669,585
0012	Instruction resources and media services	978,598	-	-	4,017	982,615
0013	Curriculum and instructional staff development	182,684	-	-	-	182,684
0021	Instructional leadership	4,410,124	-	-	484,869	4,894,993
0023	School leadership	7,565,567	-	-	-	7,565,567
0031	Guidance, counseling and evaluation services	2,209,427	-	-	329,497	2,538,924
0032	Social work services	38,580	-	-	-	38,580
0033	Health services	944,817	-	-	21,569	966,386
0034	Student transportation	6,681,776	-	-	-	6,681,776
0035	Food services	-	-	-	9,268,224	9,268,224
0036	Extracurricular activities	2,673,769	-	-	-	2,673,769
0041	General administration	3,618,030	-	-	-	3,618,030
0051	Facilities maintenance and operations	15,355,124	-	-	119,099	15,474,223
0052	Security and monitoring services	2,268,528	-	-	39,135	2,307,663
0053	Data processing services	1,682,077	-	-	411,445	2,093,522
0061	Community services	10,251	-	-	54,876	65,127
Debt Service:						
0071	Principal on long-term debt	283,964	13,845,000	-	-	14,128,964
0072	Interest on long-term debt	20,430	17,088,317	-	-	17,108,747
Capital Outlay:						
0081	Facilities acquisition and construction	833,817	-	36,801,370	214,154	37,849,341
Intergovernmental:						
0099	Other intergovernmental charges	730,586	-	-	-	730,586
6030	Total Expenditures	<u>123,614,289</u>	<u>30,933,317</u>	<u>36,801,370</u>	<u>24,490,330</u>	<u>215,839,306</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(2,616,933)</u>	<u>5,885,801</u>	<u>(30,271,383)</u>	<u>204,006</u>	<u>(26,798,509)</u>
Other Financing Sources (Uses)						
7912	Sale of real or personal property	4,768	-	-	-	4,768
8911	Transfers out	(110,000)	-	-	-	(110,000)
7080	Total Other Financing Sources (Uses)	<u>(105,232)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,232)</u>
1200	Net change in fund balances	(2,722,165)	5,885,801	(30,271,383)	204,006	(26,903,741)
0100	Fund Balance - July 1 (Beginning)	<u>45,452,071</u>	<u>17,787,547</u>	<u>105,955,859</u>	<u>3,022,297</u>	<u>172,217,774</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 42,729,906</u>	<u>\$ 23,673,348</u>	<u>\$ 75,684,476</u>	<u>\$ 3,226,303</u>	<u>\$ 145,314,033</u>

SHELDON INDEPENDENT SCHOOL DISTRICT

Exhibit C-2R

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

<u>Data Control Codes</u>		
	Net Change in Fund Balances - Total Governmental Funds (from C-2)	\$ (26,903,741)
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period.	
1	Capital Outlay	33,611,755
2	Depreciation and amortization expense	(11,099,397)
3	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,752,482)
	Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
4	Principal paid on bonds	13,845,000
5	Principal paid on leases	268,707
6	Principal paid on SBITAs	15,257
7	Interest expense incurred on arbitrage	(1,433,735)
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
8	Changes in pension liabilities and related deferred outflows and inflows of resources	(6,557,633)
9	Changes in OPEB liabilities and related deferred outflows and inflows of resources	3,153,340
10	Decrease in interest payable not recognized in fund statements	493,456
11	Amortization of premium/discount	1,054,954
12	Amortization of deferred (loss) gain on refunded bonds, net	5,961
13	Accreted interest on capital appreciation bonds	(14,542)
14	Decrease in long-term portion of accrued compensated absences payable	526,868
	Change in Net Position of Governmental Activities (see B-1)	<u><u>\$ 5,213,768</u></u>

SHELDON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

Exhibit D-1

	<u>Enterprise Fund</u> <u>Early Learning</u> <u>Center - Daycare</u>
Assets	
Cash and cash equivalents	\$ 165,143
Total Assets	<u>165,143</u>
Liabilities	
Current Liabilities:	
Accounts payable	97
Due to other funds	138,046
Total Liabilities	<u>138,143</u>
Net Position	
Unrestricted net position	27,000
Total Net Position	<u>\$ 27,000</u>

SHELDON INDEPENDENT SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****PROPRIETARY FUNDS****For the Year Ended June 30, 2024***Exhibit D-2*

	<u>Enterprise Fund</u> <u>Early Learning</u> <u>Center - Daycare</u>
Operating Revenues	
Local and intermediate sources	\$ 285,044
Total Operating Revenues	<u>285,044</u>
Operating Expenses	
Payroll costs	387,526
Purchased and contracted services	1,169
Supplies and materials	820
Other operating expenses	288
Total Operating Expenses	<u>389,803</u>
Income (Loss) Before Transfers	<u>(104,759)</u>
Transfers in	<u>110,000</u>
Change in Net Position	5,241
Net Position - July 1 (Beginning)	21,759
Net Position - June 30 (Ending)	<u>\$ 27,000</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

Exhibit D-3

	<u>Enterprise Fund</u> <u>Early Learning</u> <u>Center - Daycare</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 285,044
Payments to suppliers and service providers	(5,623)
Payments to employees for salaries and benefits	(249,599)
Net Cash Provided by (Used for) Operating Activities	<u>29,822</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers from other funds	110,000
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>110,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	139,822
Cash and Cash Equivalents at Beginning of Year	<u>25,321</u>
Cash and Cash Equivalents at End of Year	<u>\$ 165,143</u>
Reconciliation of Operating Income (Loss) to Net Cash	
 Provided by (Used for) Operating Activities:	
Operating Income (Loss)	\$ (104,759)
Change in Assets and Liabilities:	
Increase (decrease) in accounts payable	(3,346)
Increase (decrease) in accrued wages payable	(119)
Increase (decrease) in due to other funds	138,046
Net Cash Provided by (Used for) Operating Activities	<u>\$ 29,822</u>

SHELDON INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2024

Exhibit E-1

	<u>Custodial Fund</u> <u>Scholarship Fund</u>	<u>Custodial Fund</u> <u>Student Activity</u>
Assets		
Cash and cash equivalents	\$ 56,195	\$ 338,928
Current investments	202,468	38,722
Receivables	-	11,637
Total Assets	<u>258,663</u>	<u>389,287</u>
Liabilities		
Accounts payable	6,025	-
Due to others	39,311	(5,500)
Total Liabilities	<u>45,336</u>	<u>(5,500)</u>
Net Position		
Restricted for:		
Scholarships	213,327	-
Student activities	-	394,787
Total Net Position	<u>\$ 213,327</u>	<u>\$ 394,787</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

Exhibit E-2

	<u>Custodial Fund</u> <u>Scholarship Fund</u>	<u>Custodial Fund</u> <u>Student Activity</u>
Additions		
Contributions:		
Gifts and contributions	\$ 41,509	\$ -
Revenues from student activities	-	588,630
Investment Earnings:		
Interest	4,345	831
Total Additions	<u>45,854</u>	<u>589,461</u>
Deductions		
Scholarships	34,550	-
Student activities	-	570,916
Total Deductions	<u>34,550</u>	<u>570,916</u>
Change in net position	11,304	18,545
Net Position Beginning of Year	<u>202,023</u>	<u>376,242</u>
Net Position End of Year	<u>\$ 213,327</u>	<u>\$ 394,787</u>

Note 1 - Summary of Significant Accounting Policies

Sheldon Independent School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees that is elected by registered voters of the District. The District prepares its basic financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. The following is a summary of the significant accounting policies of the District.

Reporting Entity

The District’s Board of Trustees (the “Board”) has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; therefore, the District is not included in any other governmental reporting entity. There are no component units, entities for which the District is considered to be financially accountable, included within the reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

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

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements are presented for each fund category— governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government’s enterprise funds.

Note 1 - Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

In the fund financial statements, interfund activities between governmental funds and between governmental and proprietary funds appear as due to other funds or due from other funds on the governmental funds balance sheet, fiduciary and proprietary funds statement of net position and as transfers in or transfers out on the governmental funds statement of revenues, expenditures and changes in fund balance and on the proprietary funds statement of revenues, expenses, and changes in net position. While these balances are reported in fund financial statements, as a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Balances and transfers between the funds in governmental activities are eliminated. Internal balances presented on the government-wide statement of net position represent only the net balance between governmental and business-type activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is the accounting convention which determines which assets and liabilities are included on the balance sheet of a fund type and whether a fund type's operating statement presents "financial flow" or capital maintenance information.

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 120 days after period end, with the exception of property taxes, which the District considers available if collected within 60 days of year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Accounting

The District's accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows and inflows of resources, fund equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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 accounted for in another fund.

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 proceeds from sales of bonds and other revenues to be used for authorized construction and technology projects/enhancements.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for resources restricted to, or committed for, specific purposes by a grantor including federally-funded and state-funded grants. These grants are awarded to the District for the purpose of accomplishing specific educational tasks as defined in the grant awards.

The *enterprise fund* is a proprietary fund used to account for the operations of the District's tuition/fee based employee child care program.

The *custodial funds* account for assets held by the District for scholarship funds and student organizations and are used to report fiduciary activities that are not required to be reported in a trust under which principal and income benefit individuals, private organizations or other governments.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, investment pools, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the District are reported at fair value. The funds of the District must be deposited and invested under the terms of a depository contract, the contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond 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 FDIC insurance. The depository cash balances were covered by FDIC insurance and by collateral held by the District's agent in the District's name. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

Note 1 - Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year. Taxes are levied by the District’s Board based on the appraised values established by the Central Appraisal District of Harris County, Texas. Billing and collection of tax levies are performed by the District.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general fund and debt service fund are based upon historical experience in collecting property taxes. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Inventories and Prepaid Items

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service commodities. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Food service commodity inventory is recorded at fair market value on the date received. Commodity inventory items are recorded as expenditures when distributed to user locations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Intangible right-to-use assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

Land and construction in progress are not depreciated. The other tangible and intangible property, buildings and improvements, furniture and equipment, right-to-use lease assets, and right-to-use SBITA assets of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>In Years</u>
Buildings and improvements	10-50
Furniture and equipment	5-20
Right-to-use assets	3-5

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences

The District's employees earn sick leave and vacation benefits which may be accumulated each year. The District's policy permits employees, upon retirement, who have worked in the District for a minimum of three consecutive years prior to their retirement to be compensated for their accumulated unused sick leave at their daily rate of pay, not to exceed the daily cost of a degreed substitute teacher.

Long-term Obligations

In the government-wide financial statements and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as *other financing sources*. Premiums received on debt issuances are reported as *other financing sources*, while discounts on debt issuances are reported as *other financing uses*. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred gain on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In the government-wide financial statements the District reports deferred amounts related to pension and deferred amounts related to OPEB.

Pensions

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

Note 1 - Summary of Significant Accounting Policies (continued)

Other Post-Employment Benefits (OPEB)

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

Leases

Lessee: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Net Position and Fund Balances

Sheldon Independent School District reports fund balances in accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet. However, if the use of the proceeds from the sale of the inventory is restricted, committed, or assigned, then the applicable amounts are included in the appropriate fund balance classification, rather than nonspendable fund balance.

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances

Restricted fund balance – Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. At June 30, 2024, the District's committed fund balance includes campus activity funds.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board has delegated authority to the Superintendent to establish fund balance assignments. The Board has assigned \$250,000 for state aid adjustments and \$450,000 for emergency repairs in the General Fund.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Standards

GASB issued Statement No. 99, *Omnibus 2022*, in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this statement had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement do not apply and therefore do not have a material impact on the financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

Implementation of New Accounting Standards (continued)

GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement do not apply and therefore do not have a material impact on the financial statements.

GASB issued Implementation Guide 2021-1, *Implementation Guidance Update – 2021*, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The remaining requirements of this statement do not apply and therefore do not have a material impact on the financial statements.

GASB issued Implementation Guide 2023-1, *Implementation Guidance Update – 2023*, in June 2023. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide No. 2019-3, *Leases*, Question 4.16, and Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, Question 4.13. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement do not apply and therefore do not have a material impact on the financial statements.

Note 2 - Deposits and Investments

Cash Deposits

Deposits and investment transactions of the District are regulated by State statutes through provisions of Chapter 23, Subchapter E, Sections 23.71 through 23.8 (the School Depository Act) of the Texas Education Code and other Code sections referenced therein and through provisions of the Texas Revised Civil Statutes, Title 47, Articles 2529c and 2548a, regarding security for District funds in depository institutions.

In accordance with applicable statutes, the District has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the District incurs as a result of banking services received. All depository contracts have a term of two years commencing with the start of every odd-numbered fiscal year. Depository contracts are awarded on the basis of competitive bids received from area banks and can be awarded to more than one bank if the bids received are relatively equal.

Section 23.80 of the Texas Education Code provides that the depository shall not be compelled to accept time deposits from the proceeds of District debt issues; however, the depository is entitled to receive these funds under certain conditions.

The District may place funds with the depository in interest and non-interest bearing accounts. Statutes and the depository contract require that all funds in the depository institution be fully secured by federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The collateral securities must be delivered to the District or placed with an independent trustee institution with safekeeping receipts delivered to the District and copies of the safekeeping receipts delivered to the Texas Education Agency. In accordance with State statutes pertaining to lawful collateralization of District deposits, safekeeping receipts are issued in the name of the depository with proper indication that the collateral securities are pledged by the depository to secure funds of the District.

Note 2 - Deposits and Investments

Cash Deposits (continued)

Acceptable collateral securities include direct obligations of the United States of America (U.S.), bonds of any agency of the U.S. (except Farmers Home Administration Insured Notes), bonds of the State of Texas, or of any county, school district, city, or town of the State of Texas that have been rated A or better by Moody's Investors Service, Inc., as authorized by Chapter 2257 Collateral for Public Funds of the Government Code.

The District must approve all collateral securities prior to their being pledged. The depository can change collateral securities pledged to secure District funds only upon obtaining the written approval of the District.

The District is authorized by Section 20.42 of the Texas Education Code to place the proceeds from debt issues in properly secured or collateralized interest bearing time deposits with any Texas state or national bank having federal deposit insurance (FDIC) coverage for depositors or directly in bonds or other obligations of the U.S., provided that these time deposits cannot be cashed, sold or redeemed for an amount less than that originally invested by the District. Additionally, Section 23.80 of the Texas Education Code authorizes the District to invest in direct debt securities of the U.S. or other types of bonds, securities, warrants, etc., which the District is authorized by law to invest in. Cash includes petty cash on hand in various functional areas for use in routine operations and demand and time deposit accounts held by the depository bank.

All demand, money market, and time deposits in the depository bank were entirely covered by federal depository insurance and by acceptable collateral securities held in the District's name by an agent of the District at period end in accordance with provisions of the depository contract. Demand and time deposits at various banks, held on behalf of different student groups, were entirely covered by federal depository insurance at period end. Deposits were properly secured at all times.

At June 30, 2024, the District's cash in bank totaled \$7,515,218 while the carrying value was \$3,929,709. The District's cash deposits at June 30, 2024 were entirely covered by FDIC Insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The Public Funds Investment Act (the Act) requires an annual audit of investment practices. Audit procedures in this area, conducted as part of the audit, disclosed that in the area of investment practices, management reports and establishment of appropriate policies, the District was in substantial compliance with the requirements of the Act. Additionally, the investments and investment practices of the District are in compliance with the Board's investment policies.

The District's Investment Policy emphasizes safety of principal and liquidity, addresses investment diversification, yield and maturity and addresses the quality and capability of investment personnel. The Investment Policy includes a list of authorized investment instruments, a maximum allowable stated maturity of any individual investment and the maximum average dollar weighted maturity allowed. In addition, it includes an "Investment Strategy Statement" that specifically describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield.

Note 2 - Deposits and Investments (continued)

Investments (continued)

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas, or its agencies and instrumentalities;
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States, or its agencies and instrumentalities;
4. Certificates of deposit. Must be fully collateralized and guaranteed or insured by the FDIC;
5. Repurchase agreement. Must be fully collateralized, pledged to and held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, with a defined termination date, and placed through a primary government securities dealer;
6. Commercial paper. Must have a stated maturity of 270 days or fewer and a rating of not less than A-1/P-1 by two nationally recognized credit rating agencies; or a fully secured irrevocable letter of credit from a US bank and one A-1/P-1 credit rating;
7. Money Market funds. Must be approved by the Board and invest its funds only in investments approved by the Investment Policy; and
8. Public Funds Investment Pools. Must be approved by the Board and invest its funds only in investments approved by the Investment Policy.

At year-end, the District's cash and investments balances and the weighted average maturity of these investments were as follows:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (In days)</u>
Governmental Activities:		
Cash and deposits	\$ 3,369,443	N/A
Investments:		
Money market mutual funds	354,837	N/A
Certificates of deposit	5,604,288	159
Repurchase agreement	6,745,322	960
Local Government Investment Pools:		
Lone Star Corporate Overnight Fund	7,221,643	42
Lone Star Government Overnight Fund	120,794,256	34
TexSTAR	1,506	26
Total Local Government Investment Pools	<u>128,017,405</u>	
Total Investments	<u>140,721,852</u>	84
Total Governmental Activities	<u>144,091,295</u>	
Business-Type Activities:		
Cash and deposits	165,143	N/A
Total Business-Type Activities	<u>165,143</u>	
Fiduciary Funds:		
Cash and deposits	395,123	N/A
Certificates of deposit	241,190	159
Total Fiduciary Funds	<u>636,313</u>	
Total	<u>\$ 144,892,751</u>	

Note 2 - Deposits and Investments (continued)

Investments (continued)

Investments’ fair value measurement are as follows at June 30, 2024:

Investments	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
Certificates of Deposit	\$ 5,845,478	\$ 5,845,478	\$ -	\$ -
Total Debt Securities	<u>\$ 5,845,478</u>	<u>\$ 5,845,478</u>	<u>\$ -</u>	<u>\$ -</u>

The District did not purchase any derivative investment products during the current period nor participate in any securities lending agreements during the period.

The District is a voluntary participant in two local government investment pools: Texas Short Term Asset Reserve Program (TexSTAR) and Lone Star Investment Pool (Lone Star). The TexSTAR and Lone Star investment pools’ investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

Lone Star was created pursuant to the Interlocal Cooperation Act of the State of Texas, Article 4413(32c), Vernon’s Texas Civil Statutes, as amended, and is designed to provide participating local governments with investment vehicles for local funds that may be required for immediate expenditure. Lone Star is governed by an eleven-member Board of Directors all of whom are participants of the pool. The administrator and distributor of Lone Star is First Public, LLC, a Texas limited liability company. Investment advisory services are provided by American Beacon Advisors and Standish Mellon Investment Asset Management Company.

TexSTAR was created in April 2003, also under the Interlocal Cooperation Act. The State Comptroller of Public Accounts exercises responsibility over TexSTAR. TexSTAR is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management. JPMorgan Investment Management, Inc. provides investment advisory services.

TexSTAR and Lone Star policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act of 1995, as amended. The investment pools do not have any limitations or restrictions on withdrawals, such as notice periods or maximum transaction amounts, and do not impose any liquidity fees or redemption gates. The investment pools’ authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools’ liquidity.

The District’s investments are stated at fair value, with the exception of certain investment types which are not required to be measured at fair value. The District classifies its investments held at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application, which provides a framework for measuring fair value and establishes a three-level hierarchy of inputs that are used in valuation techniques:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

Note 2 - Deposits and Investments (continued)

Investments (continued)

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

The District’s investments which are not required to be measured at fair value include certain investment pools which are measured at amortized cost, and other investment pools which are measured at the net asset value determined by the pool, which approximates fair value, and investments in repurchase agreements and nonnegotiable certificates of deposit which are measured at cost. These instruments are exempt from categorization within the fair value hierarchy.

The value of the District’s investments in local government investment pools, TexSTAR and Lone Star, are the same as the value of the pool shares. The District’s carrying value of these investments is based on the net asset value of the underlying pool shares.

Lone Star and TexSTAR’s investment portfolios are measured at amortized cost; therefore the District’s investment is measured at amortized cost.

The following table includes the portfolio valuation, credit rating and percentage of the portfolio balance by investment type of the District as of June 30, 2024:

	June 30, 2024	Percentage of Portfolio	Rating	Rating Agency
Investment Measured at Amortized Cost:				
Lone Star Corporate Overnight Fund	\$ 7,221,643	5.1%	AAAm	Standard and Poor's
Lone Star Government Overnight Fund	120,794,256	85.5%	AAAm	Standard and Poor's
TexSTAR	1,506	0.1%	AAAm	Standard and Poor's
Investment Measured at Cost:				
Money market mutual funds	354,837	0.3%	N/A	N/A
Certificates of deposit - governmental activities	5,604,288	4.0%	N/A	N/A
Certificates of deposit - fiduciary funds	241,190	0.2%	N/A	N/A
Repurchase agreement	6,745,322	4.8%	A2	Moody's
	<u>\$ 140,963,042</u>	<u>100%</u>		

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis and diversification. In addition, the District shall not directly invest in an individual security maturing more than five years from the date of purchase, with the exception of investments relating to the District’s trust accounts for Qualified Zone Academy Bonds and Qualified School Construction Bonds. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. During the fiscal year ended June 30, 2024, the District was not significantly exposed to credit risk. State law and the District’s investment policy limits investments in all categories to top ratings issued by nationally recognized credit rating organizations.

Note 2 - Deposits and Investments (continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of failure by the counterparty (e.g. broker dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District’s policy requires that a third party bank trust department hold all securities owned by the District. The District’s investments in government investment pools, and certificates of deposit are insured, registered or the District’s agent holds the securities in the District’s name; therefore, the District is not exposed to custodial credit risk for these types of investments.

The District’s investment in a repurchase agreement is subject to custodial credit risk because the underlying securities are held by the investments’ counterparty, not in the name of the District. State statutes require repurchase agreements to be fully collateralized by bonds or securities issued by the federal government, or its agencies and instrumentalities. The District does not have an additional custodial credit risk policy. Eligible Securities, as identified in the repurchase agreement, require a security ratio of 103% per the terms of the agreement. The final repurchase date is February 15, 2027.

Termination Risk

If the rating assigned to the senior unsecured long-term debt obligation of the counterparty to the District’s repurchase agreement falls below “A3” by Moody’s and “A-” by Fitch, the counterparty shall have the right to either (1) assign the agreement to a substitute provider rated at least “A-” Standard & Poor’s, “A-” by Fitch, or “A3” by Moody’s; (2) obtain a guaranty, letter of credit, or surety bond from an entity rated at least “A-” by Standard & Poor’s, “A-” by Fitch, or “A3” by Moody’s; (3) transfer to the custodian additional eligible securities having a market value not less than 110 percent of the invested monies; or (4) take any other action mutually agreed to by both parties. If the counterparty does not take on of the permitted actions above within 10 business days, the District may cause the repurchase of all purchased securities and terminate the agreement. The counterparty shall repurchase all purchased securities at a purchase price equal to all invested moneys then held by the counterparty to the date of the repurchase.

At June 30, 2024, the credit rating assigned to the counterparty is “A2” by Moody’s and “A-” by Fitch.

Note 3 - Receivables

Receivables as of year-end for the District's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 3,448,354	\$ 1,178,552	\$ -	\$ 4,626,906
Due from other governments	18,481,401	352,616	1,606,794	20,440,811
Other	9,946	-	-	9,946
Gross receivables	21,939,701	1,531,168	1,606,794	25,077,663
Less allowance for doubtful accounts	(653,753)	(223,435)	-	(877,188)
Net Total Receivables	\$ 21,285,948	\$ 1,307,733	\$ 1,606,794	\$ 24,200,475

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the District reported unearned revenues for advanced collection of fees in the amount of \$236,001.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Governmental Capital Assets					
Capital Assets, Not Being Depreciated/Amortized:					
Land	\$ 38,037,787	\$ -	\$ -	\$ -	\$ 38,037,787
Construction in progress	1,432,030	23,635,692	-	(1,432,030)	23,635,692
Total Capital Assets, Not Being Depreciated/Amortized	39,469,817	23,635,692	-	(1,432,030)	61,673,479
Capital Assets, Being Depreciated/Amortized:					
Buildings and improvements	476,877,537	9,101,239	-	1,432,030	487,410,806
Furniture and equipment	19,326,873	874,824	-	-	20,201,697
Right-to-use SBITA assets	29,492	-	(29,492)	-	-
Right-to-use lease assets	979,029	-	-	-	979,029
Total Capital Assets, Being Depreciated/Amortized	497,212,931	9,976,063	(29,492)	1,432,030	508,591,532
Less Accumulated Depreciation/Amortization for:					
Buildings and improvements	(121,905,666)	(9,758,163)	-	-	(131,663,829)
Furniture and Equipment	(12,599,718)	(1,058,391)	-	-	(13,658,109)
Right-to-use SBITA assets	(13,517)	(15,975)	29,492	-	-
Right-to-use lease assets	(485,427)	(266,868)	-	-	(752,295)
Total Accumulated Depreciation/Amortization	(135,004,328)	(11,099,397)	29,492	-	(146,074,233)
Governmental Capital Assets	\$ 401,678,420	\$ 22,512,358	\$ -	\$ -	\$ 424,190,778

Depreciation and amortization expense was charged to functions/programs of the District as follows:

Function	Depreciation and Amortization Expense
Governmental Activities:	
Instruction	\$ 6,840,130
Instructional resources and media services	301,801
Instructional leadership	256,958
School leadership	301,801
Guidance, counseling and evaluation services	100,601
Health services	100,601
Student transportation	694,156
Food Services	777,208
Extracurricular activities	918,679
General administration	102,678
Plant maintenance and operations	604,183
Data processing services	100,601
Total Governmental Activities	\$ 11,099,397

Open construction commitments at June 30, 2024 were as follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
NMS Additions	\$ 14,501,439	\$ 12,928,102	\$ 1,573,337
Cravens Additions	6,725,992	5,962,218	763,774
New 9-10 Grade Campus (Architectural)	114,555,000	4,745,372	109,809,628
	\$ 135,782,431	\$ 23,635,692	\$ 112,146,739

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of June 30, 2024, is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Net</u>
Governmental Funds			
General Fund	\$ 3,035,389	\$ 1,055,144	\$ 1,980,245
Debt Service Fund		1,257,694	(1,257,694)
Capital Projects Fund	968,208	-	968,208
Nonmajor Governmental Funds	186,242	1,738,955	(1,552,713)
Total Governmental Funds	<u>4,189,839</u>	<u>4,051,793</u>	<u>138,046</u>
Enterprise Funds			
Nonmajor Enterprise Funds	-	138,046	(138,046)
Total Enterprise Funds	<u>-</u>	<u>138,046</u>	<u>(138,046)</u>
Total	<u>\$ 4,189,839</u>	<u>\$ 4,189,839</u>	<u>\$ -</u>

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” The following is a summary of the District’s transfers for the fiscal year ended June 30, 2024:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Fund	\$ 110,000
Total		<u>\$ 110,000</u>

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” During the fiscal year ended June 30, 2024, the District transferred \$110,000 from the general fund to the enterprise fund to cover operating revenue shortages in the enterprise fund.

Note 6 - Compensated Absences and Other Retirement/Sick Leave Benefits

The balance of accumulated unpaid vacation and sick leave at June 30, 2024 was \$ 1,274,664 and is presented as other long-term liabilities in these financial statements.

The following summarizes the District’s liability and the changes for the year:

Balance, July 1, 2023	\$ 1,801,532
Deductions: Payments to participants	(526,868)
Balance, June 30, 2024	<u>\$ 1,274,664</u>

Note 7 - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
General obligation bonds	\$ 452,979,996	\$ -	\$ (13,845,000)	\$ 439,134,996	\$ 14,080,000
Premiums/discounts	22,381,924	-	(1,054,954)	21,326,970	-
Accreted interest on capital appreciation bonds	136,479	14,542	-	151,021	-
Arbitrage liability	-	1,433,735	-	1,433,735	-
Leases payable	519,799	-	(268,707)	251,092	111,727
SBITA payable	15,257	-	(15,257)	-	-
Compensated absences	1,801,532	-	(526,868)	1,274,664	254,933
	<u>\$ 477,834,987</u>	<u>\$ 1,448,277</u>	<u>\$ (15,710,786)</u>	<u>\$ 463,572,478</u>	<u>\$ 14,446,660</u>

Bonds are payable solely from future revenues of the debt service fund, which consists principally of property taxes collected by the District. Other long-term liabilities are generally liquidated with resources of the general fund.

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds, term bonds, and capital appreciation bonds (CAB) with various amounts of principal maturing each year.

Bonds payable for the year ended June 30, 2024 were as follows:

Issue	Original Issuance Amount	Interest Rate (%)	Maturity Date	Debt Outstanding
Unlimited Qualified School Construction Bonds, Series 2010	\$ 8,200,000	5.632%	2027	\$ 8,200,000
Unlimited Tax Refunding Bonds, Series 2011	3,559,996	2.125% to 3.000%	2028	4,996
Unlimited Tax School Building and Refunding Bonds, Series 2014	9,750,000	2.000% to 4.000%	2039	6,280,000
Unlimited Tax School Building and Refunding Bonds, Series 2015	16,040,000	3.000% to 5.000%	2040	11,185,000
Unlimited Tax School Building and Refunding Bonds, Series 2016	40,960,000	3.000% to 5.000%	2040	26,930,000
Unlimited Tax School Building and Refunding Bonds, Series 2016A	50,310,000	3.000% to 5.000%	2041	39,430,000
Unlimited Tax School Building Bonds, Series 2017	96,835,000	3.000% to 5.000%	2042	79,190,000
Unlimited Tax School Building and Refunding Bonds, Series 2018	98,665,000	3.000% to 5.000%	2048	96,520,000
Unlimited Tax School Building and Refunding Bonds, Series 2019	59,255,000	2.750% to 5.000%	2049	48,190,000
Unlimited Tax School Building and Refunding Bonds, Series 2019A	14,155,000	2.250% to 5.000%	2041	12,070,000
Unlimited Tax Refunding Bonds, Series 2020	6,945,000	3.000% to 5.000%	2032	4,755,000
Unlimited Tax School Building Bonds Series 2021	11,675,000	1.875% to 4.000%	2032	9,185,000
Unlimited Tax School Building Bonds Series 2023	98,445,000	4.000% to 5.000%	2053	97,195,000
				<u>\$ 439,134,996</u>

Note 7 - Long-Term Liabilities (continued)

General Obligation Bonds (continued)

Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	\$ 14,080,000	\$ 16,710,180	\$ 30,790,180
2026	14,500,000	16,086,262	30,586,262
2027	22,160,000	15,480,362	37,640,362
2028	15,474,996	14,863,966	30,338,962
2029	16,645,000	13,719,562	30,364,562
2030 - 2034	93,390,000	58,125,706	151,515,706
2035 - 2039	100,645,000	40,875,163	141,520,163
2040 - 2044	79,220,000	24,104,444	103,324,444
2045 - 2049	59,795,000	11,287,150	71,082,150
2050 - 2053	23,225,000	2,374,800	25,599,800
	<u>\$ 439,134,996</u>	<u>\$ 213,627,595</u>	<u>\$ 652,762,591</u>

Qualified School Construction Bonds

The District is scheduled to make annual deposits into a trust accounts for the Qualified School Construction Bonds (QSCB), Series 2010. These annual deposits plus the interest earned on the trust accounts will be used to pay off the debt upon maturity in 2027. The District accounts for this trust account as restricted cash and investments on both the statement of net position (Exhibit A-1) and in the debt service fund on the governmental funds balance sheet (Exhibit C-1). Funds held in trust for Qualified School Construction Bonds (QSCB) are comprised of the following balances at June 30, 2024:

Series	Restricted Cash and Temporary Investments	Maturity Date	Maturity Amount
Unlimited Qualified School Construction Bonds, Series 2010	\$ 6,745,322	2027	\$ 8,200,000

Note 8 – Leases

The District has several agreements to lease copiers. As of June 30, 2024, the value of the least liability was \$251,092. The lease agreements require monthly payments in the amounts ranging from \$810 to \$4,740 and mature in fiscal years 2025-2028. The lease qualifies as other than short-term leases as defined by Government Accounting Standards Board (GASB) Statement No. 87 (“GASB 87”). Therefore, the District has recorded right-to-use lease assets and the lease liability at an amount equal to the initial measurement of the related lease liability. The lease liability was measured at discount rates ranging from 2.75% to 7.18%. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

The future principal and interest lease payments as of June 30, 2024, were as follows:

Year Ending June 30	Principal	Interest	Totals
2025	\$ 111,727	\$ 5,831	\$ 117,558
2026	73,385	3,148	76,533
2027	53,858	844	54,702
2028	12,122	255	12,377
	<u>\$ 251,092</u>	<u>\$ 10,078</u>	<u>\$ 261,170</u>

Note 9 - Revenues from Local, Intermediate, and Out-of-State Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	\$ 48,488,335	\$ 34,461,655	\$ -	\$ -	\$ 82,949,990
Investment Income	2,639,207	304,308	4,986,329	107,300	8,037,144
Rent	24,438	-	-	-	24,438
Food Sales	-	-	-	764,681	764,681
Other	689,564	-	-	152,287	841,851
	<u>\$ 51,841,544</u>	<u>\$ 34,765,963</u>	<u>\$ 4,986,329</u>	<u>\$ 1,024,268</u>	<u>\$ 92,618,104</u>

Note 10 - Pension Plan and Other Post-Employment Benefits

A. Plan Description

The District participates in a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS’s defined benefit pension plan is 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

Detailed information about the Teacher Retirement System’s fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/Pages/about_publications.aspx, selecting About TRS, then Publications, then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

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 in under a previous rule. There are no automatic postemployment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

C. Benefits Provided (continued)

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 TRS 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% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

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

	Contribution Rates	
	September 1, 2023 to August 31, 2024	September 1, 2022 to August 31, 2023
Member	8.25%	8.00%
Non-employer contributing agency	8.25%	8.00%
Employers	8.25%	8.00%

	Current Fiscal Year Contributions
Employer (District)	\$ 3,976,438
Employee (Member)	7,522,246
Non-employer Contributing Entity On-behalf Contributions (State)	4,802,032

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate, times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

D. Contributions (continued)

- 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% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges 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:

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
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.

F. Discount Rate

A single discount rate of 7.00% 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%. 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 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

F. Discount Rate

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payment 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%. 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 ¹	Target Allocation ²	Long-Term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources & 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	0.00%		2.30%
Volatility Drag ⁴	0.00%		-0.90%
Expected Return	100.00%		8.00%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2023 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

G. 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.

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	\$ 78,979,354	\$ 52,827,042	\$ 31,081,381

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

At June 30, 2024, the District reported a liability of \$52,827,042 for its proportionate share of the TRS's 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 collective net pension liability	\$ 52,827,042
State's proportionate share that is associated with the District	56,337,698
Total	<u>\$ 109,164,740</u>

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District'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 through August 31, 2023.

At August 31, 2023, the District's proportion of the collective net pension liability was 0.0769% which was an increase of 0.0060% 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.

Note 10 - Pension Plan and Other Post-Employment Benefits (continued)

H. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions (continued)

For the year ended June 30, 2024, the District recognized pension expense of \$10,536,519. The District also recognized on-behalf pension expense and revenue of \$8,506,505 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,882,245	\$ (639,678)
Changes of assumption	4,996,403	(1,222,734)
Net difference between projected and actual earnings on pension plan investments	7,687,617	-
Changes in proportion and differences between District contributions and proportionate share of contributions	5,755,428	(185,146)
District contributions subsequent to the measurement date	3,378,850	-
Total	<u>\$ 23,700,543</u>	<u>\$ (2,047,558)</u>

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense Amount
2025	\$ 4,451,063
2026	3,239,524
2027	7,498,462
2028	2,565,950
2029	519,136
Thereafter	-
	<u>\$ 18,274,135</u>

The District will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the Net Pension Liability on an annual basis. The contributions are paid by the funds that pay the employees' salaries. The General Fund and Special Revenue Funds typically liquidate the net pension liability.

Note 11 - Defined 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 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, or 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 schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

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

Note 11 - Defined 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 of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate which is 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75% 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	
	September 1, 2023 to August 31, 2024	September 1, 2022 to August 31, 2023
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

	Current Fiscal Year Contributions
Employer (District)	\$ 773,293
Employee (Member)	595,881
Non-employer Contributing Entity	
On-behalf Contributions (State)	1,578,336

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

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.

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

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:

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	2.95% to 8.95% including inflation
Healthcare Trend Rates	The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial prescription drug trend was 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) 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.

F. Discount Rate

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

Because the investments are held in cash 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.

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

G. Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (3.13%)	Current Rate (4.13%)	1% Increase (5.13%)
District's proportional share of the net OPEB liability	\$ 24,183,991	\$ 20,533,333	\$ 17,554,310

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

At June 30, 2024, the District reported a liability of \$20,533,333 or its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 20,533,333
State's proportionate share that is associated with the District	<u>24,776,623</u>
Total	<u><u>\$ 45,309,956</u></u>

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

At August 31, 2023, the District's proportion of the collective Net OPEB Liability was 0.0928% which was an increase of 0.0059% 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 assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 16,908,172	\$ 20,533,333	\$ 25,197,115

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% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

H. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

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 June 30, 2024, the District recognized negative OPEB expense of \$2,379,158. The District also recognized negative on-behalf OPEB expense and revenue of \$5,296,719 for support provided by the State.

At June 30, 2024, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 928,978	\$ (17,274,911)
Changes of assumption	2,802,650	(12,573,105)
Net difference between projected and actual earnings on OPEB plan investments	8,871	-
Changes in proportion and differences between District contributions and proportionate share of contributions	9,535,436	-
District contributions subsequent to the measurement date	646,166	-
Total	<u>\$ 13,922,101</u>	<u>\$ (29,848,016)</u>

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>OPEB Expense Amount</u>
2025	\$ (4,088,229)
2026	(3,146,454)
2027	(1,871,461)
2028	(2,337,184)
2029	(2,072,067)
Thereafter	<u>(3,056,686)</u>
	<u>\$ (16,572,081)</u>

The District will continue to make the required OPEB contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District’s contributions to the Net OPEB Liability on an annual basis. The contributions are paid by the funds that pay the employees’ salaries. These funding sources include the General Fund and Special Revenue funds.

Note 11 - Defined Other Post-Employment Benefit Plans (continued)

I. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2024, 2023, and 2022, the subsidy payments received by TRS-Care on-behalf of the District were \$514,968, \$446,218, and \$333,278, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 12 - Litigation and Other Contingencies

The District is a party to various legal actions, none of which is believed by the administration or its legal counsel to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies. The District participates in a number of federal and state financial assistance programs. These programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Note 13 - Tax Abatements

The District entered into property tax abatement agreements with local businesses under Texas Tax Code, Title 3, Subtitle B, Chapter 313, Texas Economic Development Act (the Act) beginning August 20, 2013 through April 15, 2014. Under the Act, Texas school districts may grant property tax abatements according to the category of taxable value of property in the District for the preceding tax year. The District is a Category II district, which limits the minimum amount per qualified investment to \$80 million. The qualified property is limited only from maintenance and operation (M&O) property tax. The tax abatement, which is approved by the Texas Comptroller's office and the District's board of trustees, is granted for the purpose of enhancing the local community; improving the public education system; creating high-paying jobs; and advancing economic development goals. The agreement was for each local business to invest a minimum capital investment totaling \$80,000,000 within the District's boundaries during a qualifying period and to create jobs. Such investment would be limited to taxable value of the lesser of qualified appraised value or \$80,000,000. The District's tax abatements expire in increments through December 31, 2027.

For the fiscal year ended June 30, 2024, the District foregoes collecting property taxes totaling \$2,691,464 resulting from the M&O tax rate of \$0.7575 per \$100 of taxable value. The qualified properties per the agreements had a taxable value of \$515,308,810 and was limited to a taxable value of \$160,000,000. However, in foregoing the property tax revenue, the District receives state funding through the Foundation School Program funding formula to offset the loss of property tax revenues. In addition, the local business receiving such property tax abatement has committed to compensate the District for the loss of M&O revenue, reimburse the District for all non-reimbursed costs for extraordinary education related expenses not funded by state aid, and compensate the District with a supplemental payment amount of 40% of the net tax benefit not to exceed the aggregate limit in the agreements.

Note 14 - Shared Service Arrangements

A shared services arrangement (SSA) exists when two or more local education agencies enter into an agreement for the performance and administration of a program when such arrangement will strengthen the operation of the program. The District is a fiscal agent for a SSA for the Gulf Coast Pipeline Project. The purpose of this grant is to facilitate the goals of the CTE Perkins Grant to help integrate academic education and Career Technology Education (CTE) through a sequence of courses that are coherent and rigorous in content aligned to the challenging academic standards and relevant technical knowledge and skills needed to prepare students for careers in current and emerging careers; to provide technical skill proficiency, an industry- recognized credential, a certificate, or technical degree; and to provide equitable participation in CTE programs for students who are members of special populations.

Note 15 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that it has an arbitrage liability of \$1,433,735 as of June 30, 2024.

Note 16 - Subsequent Events

Currently, the District is building a 9-10 Grade campus to support the expected growth of the student population. A \$90 million bond sale is in the process to support the construction of the 9-10 Grade campus along with additional renovation projects throughout the District. In addition, the District has acquired 8 acres of land with a building to support Administration and trainings.

REQUIRED SUPPLEMENTARY INFORMATION

SHELDON INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2024

Exhibit G-1

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts, Budgetary Basis</u>	
Revenues				
Local revenues	\$ 65,262,070	\$ 56,824,554	\$ 51,841,544	\$ (4,983,010)
State program revenues	59,216,683	64,185,047	66,886,768	2,701,721
Federal program revenues	3,500,000	3,500,000	2,269,044	(1,230,956)
Total Revenues	<u>127,978,753</u>	<u>124,509,601</u>	<u>120,997,356</u>	<u>(3,512,245)</u>
Expenditures				
Current:				
Instruction	72,864,562	75,290,213	73,126,140	2,164,073
Instruction resources and media services	915,565	1,004,485	978,598	25,887
Curriculum and instructional staff development	278,505	308,592	182,684	125,908
Instructional leadership	4,857,811	4,952,689	4,410,124	542,565
School leadership	7,350,642	7,576,023	7,565,567	10,456
Guidance, counseling and evaluation services	2,162,560	2,301,719	2,209,427	92,292
Social work services	44,349	44,349	38,580	5,769
Health services	1,001,757	1,009,343	944,817	64,526
Student transportation	7,356,926	7,189,675	6,681,776	507,899
Extracurricular activities	3,073,233	3,451,215	2,673,769	777,446
General administration	3,314,586	3,904,907	3,618,030	286,877
Facilities maintenance and operations	16,147,609	16,754,242	15,355,124	1,399,118
Security and monitoring services	2,678,144	2,578,880	2,268,528	310,352
Data processing services	1,601,890	1,784,738	1,682,077	102,661
Community services	25,810	17,665	10,251	7,414
Debt Service:				
Principal on long-term debt	250,000	350,000	283,964	66,036
Interest on long-term debt	50,000	50,000	20,430	29,570
Capital Outlay:				
Facilities, acquisition and construction	1,980,800	1,595,201	833,817	761,384
Intergovernmental:				
Payments to Juvenile Justice Alternative Education Programs	15,000	-	-	-
Other intergovernmental charges	705,000	730,590	730,586	4
Total Expenditures	<u>126,674,749</u>	<u>130,894,526</u>	<u>123,614,289</u>	<u>7,280,237</u>
Excess (deficiency) of revenues over expenditures	<u>1,304,004</u>	<u>(6,384,925)</u>	<u>(2,616,933)</u>	<u>3,767,992</u>
Other Financing Sources (Uses)				
Sale of assets	-	-	4,768	4,768
Leases issued	305,000	400,000	-	(400,000)
Transfers out	-	3,187,502	(110,000)	(3,297,502)
Total Other Financing Sources (Uses)	<u>305,000</u>	<u>3,587,502</u>	<u>(105,232)</u>	<u>(3,692,734)</u>
Net change in fund balances	1,609,004	(2,797,423)	(2,722,165)	75,258
Fund Balances - Beginning	<u>45,452,071</u>	<u>45,452,071</u>	<u>45,452,071</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 47,061,075</u>	<u>\$ 42,654,648</u>	<u>\$ 42,729,906</u>	<u>\$ 75,258</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

A. Budgets and Budgetary Accounting

The District adopts annual appropriations type budgets for the General Fund, Food Service Special Revenue Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the fiscal year ended June 30, 2024.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by June 15, 2023. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year's budget.

The most significant variance between the final budget and actual results are related to state revenues, plant maintenance and operations and instruction expenditures.

SHELDON INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.0769%	0.0709%	0.06938%	0.06447%	0.05722%
District's proportionate share of the net pension liability	\$ 52,827,042	\$ 42,095,733	\$ 17,668,133	\$ 34,532,064	\$ 29,746,825
State's proportionate share of the net pension liability associated with the District	56,337,698	52,334,814	22,455,498	43,233,781	42,051,975
Total	<u>\$ 109,164,740</u>	<u>\$ 94,430,547</u>	<u>\$ 40,123,631</u>	<u>\$ 77,765,845</u>	<u>\$ 71,798,800</u>
District's covered payroll (for Measurement Year)	\$ 89,205,822	\$ 83,418,986	\$ 81,020,105	\$ 73,654,473	\$ 61,646,828
District's proportionate share of the net pension liability as a percentage of covered payroll	59.22%	50.46%	21.81%	46.88%	48.25%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.65%	88.79%	75.54%	75.24%
Plan's net pension liability as a percentage of covered payroll	122.32%	112.72%	51.08%	110.36%	114.93%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.04849%	0.05384%	0.05768%	0.05930%	0.03889%
District's proportionate share of the net pension liability	\$ 26,688,171	\$ 17,215,912	\$ 21,795,467	\$ 20,961,902	\$ 10,381,059
State's proportionate share of the net pension liability associated with the District	48,041,019	26,638,986	32,398,523	30,914,126	25,647,821
Total	<u>\$ 74,729,190</u>	<u>\$ 43,854,898</u>	<u>\$ 54,193,990</u>	<u>\$ 51,876,028</u>	<u>\$ 36,028,880</u>
District's covered payroll (for Measurement Year)	\$ 57,390,948	\$ 56,381,175	\$ 56,838,001	\$ 54,422,769	\$ 49,819,013
District's proportionate share of the net pension liability as a percentage of covered payroll	46.50%	30.53%	38.35%	38.52%	20.84%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll	126.11%	75.93%	92.75%	91.94%	72.89%

Notes:

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

SHELDON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

Exhibit G-3

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contributions	\$ 3,976,438	\$ 3,850,745	\$ 3,284,558	\$ 2,940,402	\$ 2,565,113
Contributions in relation to the contractual required contributions	<u>3,976,438</u>	<u>3,850,745</u>	<u>3,284,558</u>	<u>2,940,402</u>	<u>2,565,113</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 91,828,228	\$ 88,201,666	\$ 83,188,397	\$ 79,697,750	\$ 71,878,515
Contributions as a percentage of covered payroll	4.33%	4.37%	3.95%	3.69%	3.57%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,542,451	\$ 1,777,997	\$ 1,764,641	\$ 1,832,559	\$ 1,755,911
Contributions in relation to the contractual required contributions	<u>1,542,451</u>	<u>1,777,997</u>	<u>1,764,641</u>	<u>1,832,559</u>	<u>1,755,911</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 51,149,351	\$ 57,390,948	\$ 56,381,175	\$ 56,838,001	\$ 54,422,769
Contributions as a percentage of covered payroll	3.02%	3.10%	3.13%	3.22%	3.23%

SHELDON INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.0928%	0.0869%	0.08323%	0.08173%
District's proportionate share of the net OPEB liability	\$ 20,533,333	\$ 20,814,274	\$ 32,106,304	\$ 31,068,208
State's proportionate share of the net OPEB liability associated with the District	24,776,623	25,390,144	43,015,292	41,748,225
Total	<u>\$ 45,309,956</u>	<u>\$ 46,204,418</u>	<u>\$ 75,121,596</u>	<u>\$ 72,816,433</u>
District's covered payroll (for Measurement Year)	\$ 89,205,822	\$ 83,418,986	\$ 81,020,105	\$ 73,654,473
District's proportionate share of the net OPEB liability as a percentage of covered payroll	23.02%	24.95%	39.63%	42.18%
Plan fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.18%	4.99%
Plan's net OPEB liability as a percentage of covered payroll	51.86%	59.10%	100.13%	101.46%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	
District's proportion of the net OPEB liability	0.07369%	0.06914%	0.00681%	
District's proportionate share of the net OPEB liability	\$ 34,850,502	\$ 34,523,308	\$ 29,603,039	
State's proportionate share of the net OPEB liability associated with the District	46,308,521	49,079,488	43,880,484	
Total	<u>\$ 81,159,023</u>	<u>\$ 83,602,796</u>	<u>\$ 73,483,523</u>	
District's covered payroll (for Measurement Year)	\$ 61,646,828	\$ 57,390,948	\$ 56,381,175	
District's proportionate share of the net OPEB liability as a percentage of covered payroll	56.53%	60.15%	52.51%	
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%	
Plan's net OPEB liability as a percentage of covered payroll	135.21%	146.64%	132.55%	

Notes:

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

Ten years of data should be presented in this schedule but data is unavailable prior to 2017.

SHELDON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST SEVEN FISCAL YEARS

Exhibit G-5

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contributions	\$ 773,293	\$ 790,585	\$ 716,149	\$ 660,341
Contributions in relation to the contractual required contributions	<u>773,293</u>	<u>790,585</u>	<u>716,149</u>	<u>660,341</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 91,828,228	\$ 88,201,666	\$ 83,188,397	\$ 79,697,750
Contributions as a percentage of covered payroll	0.84%	0.90%	0.86%	0.83%

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 607,336	\$ 445,288	\$ 463,378
Contributions in relation to the contractual required contributions	<u>607,336</u>	<u>445,288</u>	<u>463,378</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 71,878,515	\$ 51,149,351	\$ 57,390,948
Contributions as a percentage of covered payroll	0.84%	0.87%	0.81%

Notes:

Ten years of data should be presented in this schedule but data is unavailable prior to 2018.

The District implemented GASB 75 during fiscal year 2018.

SHELDON INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION AND OPEB

Notes to Required Supplementary Pension Information

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Measurement Year 2019: None.

Measurement Year 2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None.

SHELDON INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION AND OPEB (continued)

Notes to Required Supplementary OPEB Information

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Measurement Year 2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

Measurement Year 2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

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



OTHER SUPPLEMENTARY INFORMATION

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 1 of 8

		211	224	225	240
Data Control Codes		ESEA Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool	National School Breakfast & Lunch Program
Assets					
1110	Cash and temporary investments	\$ 34,755	\$ 10,729	\$ 4,574	\$ 408,996
1120	Investments	-	-	-	2,826,104
	Receivables:				
1240	Receivables from other governments	47,026	-	-	4,290
1260	Due from other funds	-	-	-	174,877
1300	Inventories, at cost	-	-	-	125,401
1410	Prepaid items	-	-	-	-
1000	Total Assets	\$ 81,781	\$ 10,729	\$ 4,574	\$ 3,539,668
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ 35,473	\$ 5,834	\$ -	\$ 130,600
2160	Accrued wages payable	-	-	-	283,422
2170	Due to other funds	46,308	4,895	4,574	-
2180	Due to other governments	-	-	-	-
2000	Total Liabilities	81,781	10,729	4,574	414,022
Fund Balances:					
Restricted:					
3450	Grant restrictions	-	-	-	3,125,646
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	-	3,125,646
4000	Total Liabilities and Fund Balances	\$ 81,781	\$ 10,729	\$ 4,574	\$ 3,539,668

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 2 of 8

		242	244	255	263
Data Control Codes		Summer Food Service Program For Children, TDA	Career and Technical - Basic Grant	ESEA Title II, Part A	Title III, Part A
Assets					
1110	Cash and temporary investments	\$ -	\$ 16,277	\$ 11,387	\$ 26,709
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	99,306	72,486	10,530	9,450
1260	Due from other funds	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	2,270	6,855	-
1000	Total Assets	<u>\$ 99,306</u>	<u>\$ 91,033</u>	<u>\$ 28,772</u>	<u>\$ 36,159</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ 552	\$ -	\$ 5,461
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	99,306	90,481	28,772	30,698
2180	Due to other governments	-	-	-	-
2000	Total Liabilities	<u>99,306</u>	<u>91,033</u>	<u>28,772</u>	<u>36,159</u>
Fund Balances:					
Restricted:					
3450	Grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 99,306</u>	<u>\$ 91,033</u>	<u>\$ 28,772</u>	<u>\$ 36,159</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 3 of 8

	265	269	274	279	
Data Control Codes	Title IV, Part B 21st Century Community Learning	Title V, Part A	Gear Up	Texas COVID Learning Acceleration Support - ESSER III	
Assets					
1110	Cash and temporary investments	\$ 26,136	\$ 12,500	\$ 29,749	\$ 11,243
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	157,911	20,873	499	-
1260	Due from other funds	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 184,047</u>	<u>\$ 33,373</u>	<u>\$ 30,248</u>	<u>\$ 11,243</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ 8,750	\$ 499	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	181,173	24,623	29,749	11,243
2180	Due to other governments	2,874	-	-	-
2000	Total Liabilities	<u>184,047</u>	<u>33,373</u>	<u>30,248</u>	<u>11,243</u>
Fund Balances:					
Restricted:					
3450	Grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 184,047</u>	<u>\$ 33,373</u>	<u>\$ 30,248</u>	<u>\$ 11,243</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
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Data Control Codes		280	281	282	283
		American Rescue Plan Homeless II	Elementary & Secondary School Emergency Relief Fund II - CRRSA Act	American Rescue Plan (ESSER III)	Texas Homeless Youth
Assets					
1110	Cash and temporary investments	\$ 9,159	\$ 4,921	\$ 31,384	\$ 4,499
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	11,958	-	560,256	-
1260	Due from other funds	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 21,117</u>	<u>\$ 4,921</u>	<u>\$ 591,640</u>	<u>\$ 4,499</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 107,500	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	21,117	4,921	484,140	4,499
2180	Due to other governments	-	-	-	-
2000	Total Liabilities	<u>21,117</u>	<u>4,921</u>	<u>591,640</u>	<u>4,499</u>
Fund Balances:					
Restricted:					
3450	Grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 21,117</u>	<u>\$ 4,921</u>	<u>\$ 591,640</u>	<u>\$ 4,499</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
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	284	285	287	288	
Data Control Codes	IDEA-Part B Formula - American Rescue Plan	IDEA-Part B Preschool - American Rescue Plan	ESSA, Title IV, Part A, SSAE	Lone Star STEM Cycle	
Assets					
1110	Cash and temporary investments	\$ 1,333	\$ 4,907	\$ 44,375	\$ 3,813
1120	Investments	-	-	-	-
	Receivables:				
1240	Receivables from other governments	-	-	5,750	-
1260	Due from other funds	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	\$ 1,333	\$ 4,907	\$ 50,125	\$ 3,813
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ -	\$ 5,750	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	1,333	4,907	44,375	3,813
2180	Due to other governments	-	-	-	-
2000	Total Liabilities	1,333	4,907	50,125	3,813
Fund Balances:					
Restricted:					
3450	Grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	\$ 1,333	\$ 4,907	\$ 50,125	\$ 3,813

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 6 of 8

Data Control Codes	289	338	397	410
	Federally Funded Special Revenue Funds	Shared Services Arrangements - Career and Technical Education - Quality Work Force	Advanced Placement Incentives	State Textbook Fund
Assets				
1110	\$ -	\$ 105	\$ 3,000	\$ 2,762
1120	-	-	-	-
Receivables:				
1240	-	-	-	353,170
1260	9,115	-	-	-
1300	-	-	-	-
1410	-	-	-	-
1000 Total Assets	\$ 9,115	\$ 105	\$ 3,000	\$ 355,932
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110	\$ 9,115	\$ -	\$ -	\$ -
2160	-	-	-	-
2170	-	105	3,000	355,932
2180	-	-	-	-
2000 Total Liabilities	9,115	105	3,000	355,932
Fund Balances:				
Restricted:				
3450	-	-	-	-
Committed:				
3545	-	-	-	-
3000 Total Fund Balances	-	-	-	-
4000 Total Liabilities and Fund Balances	\$ 9,115	\$ 105	\$ 3,000	\$ 355,932

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 7 of 8

		427	428	429	459
Data Control Codes		Technology Lending Grant	Pre-K Grant 2	State Funded Special Revenue Funds	SSA - State Educational Programs
Assets					
1110	Cash and temporary investments	\$ 208	\$ 100	\$ 36,922	\$ 178
1120	Investments	-	-	-	-
Receivables:					
1240	Receivables from other governments	-	235,989	17,300	-
1260	Due from other funds	-	-	-	-
1300	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 208</u>	<u>\$ 236,089</u>	<u>\$ 54,222</u>	<u>\$ 178</u>
Liabilities and Fund Balances					
Liabilities:					
Current Liabilities:					
2110	Accounts payable	\$ -	\$ 31,706	\$ -	\$ -
2160	Accrued wages payable	-	-	-	-
2170	Due to other funds	208	204,383	54,222	178
2180	Due to other governments	-	-	-	-
2000	Total Liabilities	<u>208</u>	<u>236,089</u>	<u>54,222</u>	<u>178</u>
Fund Balances:					
Restricted:					
3450	Grant restrictions	-	-	-	-
Committed:					
3545	Other purposes	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 208</u>	<u>\$ 236,089</u>	<u>\$ 54,222</u>	<u>\$ 178</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

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Data Control Codes		Campus Activity Funds	Total Nonmajor Governmental Funds
Assets			
1110	Cash and temporary investments	\$ 98,407	\$ 839,128
1120	Investments	-	2,826,104
	Receivables:		
1240	Receivables from other governments	-	1,606,794
1260	Due from other funds	2,250	186,242
1300	Inventories, at cost	-	125,401
1410	Prepaid items	-	9,125
1000	Total Assets	\$ 100,657	\$ 5,592,794
Liabilities and Fund Balances			
Liabilities:			
Current Liabilities:			
2110	Accounts payable	\$ -	\$ 341,240
2160	Accrued wages payable	-	283,422
2170	Due to other funds	-	1,738,955
2180	Due to other governments	-	2,874
2000	Total Liabilities	-	2,366,491
Fund Balances:			
Restricted:			
3450	Grant restrictions	-	3,125,646
Committed:			
3545	Other purposes	100,657	100,657
3000	Total Fund Balances	100,657	3,226,303
4000	Total Liabilities and Fund Balances	\$ 100,657	\$ 5,592,794

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2
Page 1 of 8

	211	224	225	240
Data Control Codes	ESEA Title I, Part A	IDEA-Part B, Formula	IDEA-Part B, Preschool	National School Breakfast & Lunch Program
Revenues				
5700 Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ 871,981
5800 State program revenues	-	-	-	51,038
5900 Federal program revenues	2,188,633	2,057,365	20,534	8,462,767
5020 Total Revenues	2,188,633	2,057,365	20,534	9,385,786
Expenditures				
Current:				
0011 Instruction	2,138,617	1,968,461	20,534	-
0012 Instruction resources and media services	-	-	-	-
0021 Instructional leadership	-	-	-	-
0031 Guidance, counseling and evaluation services	-	88,904	-	-
0033 Health services	-	-	-	-
0035 Food service	-	-	-	9,166,490
0051 Plant maintenance and operations	-	-	-	-
0052 Security and monitoring services	-	-	-	-
0053 Data processing services	-	-	-	-
0061 Community services	50,016	-	-	-
Capital outlay:				
0081 Facilities acquisition and construction	-	-	-	-
6030 Total Expenditures	2,188,633	2,057,365	20,534	9,166,490
1200 Net change in fund balances	-	-	-	219,296
0100 Fund Balance - July 1 (Beginning)	-	-	-	2,906,350
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ 3,125,646

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2
Page 2 of 8

		242	244	255	263
Data Control Codes		Summer Food Service Program For Children, TDA	Career and Technical - Basic Grant	ESEA Title II, Part A	Title III, Part A
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	101,734	181,970	326,195	415,267
5020	Total Revenues	<u>101,734</u>	<u>181,970</u>	<u>326,195</u>	<u>415,267</u>
Expenditures					
Current:					
0011	Instruction	-	155,485	207,207	343,766
0012	Instruction resources and media services	-	-	-	-
0021	Instructional leadership	-	26,485	118,988	66,641
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	101,734	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	4,860
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>101,734</u>	<u>181,970</u>	<u>326,195</u>	<u>415,267</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2
Page 3 of 8

Data Control Codes		265	269	274	279
		Title IV, Part B 21st Century Community Learning	Title V, Part A	Gear Up	Texas COVID Learning Acceleration Support - ESSER III
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	217,932	831,657	297,401	612,971
5020	Total Revenues	217,932	831,657	297,401	612,971
Expenditures					
Current:					
0011	Instruction	217,932	831,657	218,342	612,971
0012	Instruction resources and media services	-	-	-	-
0021	Instructional leadership	-	-	16,656	-
0031	Guidance, counseling and evaluation services	-	-	62,403	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	217,932	831,657	297,401	612,971
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Data Control Codes		280	281	282	283
		American Rescue Plan Homeless II	Elementary & Secondary School Emergency Relief Fund II - CRRSA Act	American Rescue Plan (ESSER III)	Texas Homeless Youth
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	27,473	189,395	6,216,310	-
5020	Total Revenues	<u>27,473</u>	<u>189,395</u>	<u>6,216,310</u>	<u>-</u>
Expenditures					
Current:					
0011	Instruction	12,417	168,529	5,386,957	-
0012	Instruction resources and media services	-	-	-	-
0021	Instructional leadership	15,056	1,906	139,579	-
0031	Guidance, counseling and evaluation services	-	9,278	168,912	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0051	Plant maintenance and operations	-	2,037	117,062	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	7,645	403,800	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>27,473</u>	<u>189,395</u>	<u>6,216,310</u>	<u>-</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2
Page 5 of 8

		284	285	287	288
Data Control Codes		IDEA-Part B Formula - American Rescue Plan	IDEA-Part B Preschool - American Rescue Plan	ESSA, Title IV, Part A, SSAE	Lone Star STEM Cycle
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	227,973	8,690	216,042	15,465
5020	Total Revenues	<u>227,973</u>	<u>8,690</u>	<u>216,042</u>	<u>15,465</u>
Expenditures					
Current:					
0011	Instruction	227,973	8,690	116,484	15,465
0012	Instruction resources and media services	-	-	-	-
0021	Instructional leadership	-	-	99,558	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	<u>227,973</u>	<u>8,690</u>	<u>216,042</u>	<u>15,465</u>
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2
Page 6 of 8

Data Control Codes	289	338 Shared Services Arrangements - Career and Technical Education - Quality Work Force	397	410
Data Control Codes	Federally Funded Special Revenue Funds	Quality Work Force	Advanced Placement Incentives	State Textbook Fund
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	2,800	353,170
5900	Federal program revenues	21,569	-	-
5020	Total Revenues	21,569	2,800	353,170
Expenditures				
Current:				
0011	Instruction	-	2,800	353,170
0012	Instruction resources and media services	-	-	-
0021	Instructional leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0033	Health services	21,569	-	-
0035	Food service	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
6030	Total Expenditures	21,569	2,800	353,170
1200	Net change in fund balances	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2
Page 7 of 8

		427	428	429	459
Data Control Codes		Technology Lending Grant	Pre-K Grant 2	State Funded Special Revenue Funds	SSA - State Educational Programs
Revenues					
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	209,208	235,989	78,161	-
5900	Federal program revenues	-	-	-	-
5020	Total Revenues	209,208	235,989	78,161	-
Expenditures					
Current:					
0011	Instruction	209,208	-	60,861	-
0012	Instruction resources and media services	-	-	-	-
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	21,835	17,300	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
Capital outlay:					
0081	Facilities acquisition and construction	-	214,154	-	-
6030	Total Expenditures	209,208	235,989	78,161	-
1200	Net change in fund balances	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

SHELDON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

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<u>Data Control Codes</u>		<u>Campus Activity Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
5700	Local, intermediate, and out-of-state	\$ 152,287	\$ 1,024,268
5800	State program revenues	-	930,366
5900	Federal program revenues	-	22,739,702
5020	Total Revenues	<u>152,287</u>	<u>24,694,336</u>
Expenditures			
Current:			
0011	Instruction	163,560	13,543,445
0012	Instruction resources and media services	4,017	4,017
0021	Instructional leadership	-	484,869
0031	Guidance, counseling and evaluation services	-	329,497
0033	Health services	-	21,569
0035	Food service	-	9,268,224
0051	Plant maintenance and operations	-	119,099
0052	Security and monitoring services	-	39,135
0053	Data processing services	-	411,445
0061	Community services	-	54,876
Capital outlay:			
0081	Facilities acquisition and construction	-	214,154
6030	Total Expenditures	<u>167,577</u>	<u>24,490,330</u>
1200	Net change in fund balances	(15,290)	204,006
0100	Fund Balance - July 1 (Beginning)	<u>115,947</u>	<u>3,022,297</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 100,657</u>	<u>\$ 3,226,303</u>



REQUIRED TEA SCHEDULES

SHELDON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended June 30, 2024

Exhibit J-1

Last Ten Fiscal Years	1	2	3	10	20	31	32	40	50	99
	Tax Rates		Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 6/30/23	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/24	Total Taxes Refunded Under Section 26.1115(c)
Maintenance	Debt Service									
2015 and prior	Various	Various	Various	\$ 838,493	\$ -	\$ 51,554	\$ -	\$ (34,915)	\$ 752,024	
2016	1.1700	0.2400	\$5,438,701,915	212,418	-	2,713	557	(68,785)	140,363	
2017	1.1700	0.2400	5,318,091,348	151,855	-	36,301	7,446	(401)	107,707	
2018	1.1700	0.3000	5,411,504,422	208,048	-	41,905	10,745	(2,009)	153,389	
2019	1.1700	0.3000	5,463,206,327	117,947	-	12,998	3,333	(228)	101,388	
2020	1.0684	0.3800	5,401,138,007	130,952	-	22,258	7,917	(19,339)	81,438	
2021	1.0416	0.4600	5,178,775,839	47,260	-	8,363	3,694	(345,927)	(310,724)	
2022	0.9950	0.4600	5,372,256,151	367,495	-	72,260	33,407	(625,251)	(363,423)	
2023	0.9550	0.4600	5,955,801,555	1,904,785	-	(648,404)	(313,320)	(2,524,849)	341,660	
2024	0.7575	0.5000	6,703,430,219	-	84,295,635	50,040,659	33,030,138	-	1,224,838	
1000 Totals				<u>\$ 3,979,253</u>	<u>\$ 84,295,635</u>	<u>\$ 49,640,607</u>	<u>\$ 32,783,917</u>	<u>\$ (3,621,704)</u>	<u>2,228,660</u>	
										Penalty and interest receivable on taxes
										<u>2,396,247</u>
										Total Taxes Receivable Per Exhibit C-1
										<u>\$ 4,626,906</u>
8000 - Taxes Refunded										<u>\$ -</u>
9000 Tax Increment						<u>\$ -</u>				

SHELDON INDEPENDENT SCHOOL DISTRICT

Exhibit J-2

**BUDGETARY COMPARISON SCHEDULE
CHILD NUTRITION PROGRAM FUND
For the Year Ended June 30, 2024**

	<u>Budget</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local, Intermediate, and Out-of-State	\$ 1,183,650	\$ 1,214,150	\$ 871,981	\$ (342,169)
State Program Revenues	29,000	29,000	51,038	22,038
Federal Program Revenues	7,833,220	8,183,120	8,462,767	279,647
Total Revenues	<u>9,045,870</u>	<u>9,426,270</u>	<u>9,385,786</u>	<u>(40,484)</u>
Expenditures				
Food Services	9,045,870	9,624,520	9,166,490	458,030
Debt Service:				
Principal	-	50,000	-	50,000
Total Expenditures	<u>9,045,870</u>	<u>9,674,520</u>	<u>9,166,490</u>	<u>508,030</u>
Excess (Deficiency) Revenues Over Expenditures	<u>-</u>	<u>(248,250)</u>	<u>219,296</u>	<u>467,546</u>
Other Financing Sources (Uses)				
Other resources	-	50,000	-	(50,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Increase (Decrease) in Fund Balance	-	(198,250)	219,296	417,546
Fund Balance - July 1 (Beginning)	<u>2,906,350</u>	<u>2,906,350</u>	<u>2,906,350</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ 2,906,350</u>	<u>\$ 2,708,100</u>	<u>\$ 3,125,646</u>	<u>\$ 417,546</u>

SHELDON INDEPENDENT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

For the Year Ended June 30, 2024

Exhibit J-3

	<u>Budget</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local, Intermediate, and Out-of-State	\$ 1,183,650	\$ 1,214,150	\$ 871,981	\$ (342,169)
State Program Revenues	29,000	29,000	51,038	22,038
Federal Program Revenues	7,833,220	8,183,120	8,462,767	279,647
Total Revenues	<u>9,045,870</u>	<u>9,426,270</u>	<u>9,385,786</u>	<u>(40,484)</u>
Expenditures				
Food Services	9,045,870	9,624,520	9,166,490	458,030
Debt Service:				
Principal	-	50,000	-	50,000
Total Expenditures	<u>9,045,870</u>	<u>9,674,520</u>	<u>9,166,490</u>	<u>508,030</u>
Excess (Deficiency) Revenues Over Expenditures	<u>-</u>	<u>(248,250)</u>	<u>219,296</u>	<u>467,546</u>
Other Financing Sources (Uses)				
Other resources	-	50,000	-	(50,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Increase (Decrease) in Fund Balance	-	(198,250)	219,296	417,546
Fund Balance - July 1 (Beginning)	<u>2,906,350</u>	<u>2,906,350</u>	<u>2,906,350</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ 2,906,350</u>	<u>\$ 2,708,100</u>	<u>\$ 3,125,646</u>	<u>\$ 417,546</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM
COMPLIANCE RESPONSES
For the Year Ended June 30, 2024

Exhibit J-4

Data Codes	Section A: Compensatory Education Programs	Responses
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.	\$ 14,865,675
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 14,659,790
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.	\$ 2,250,999
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	\$ 1,397,953



SHELDON INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended June 30, 2024

Schedule L-1

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	
	(If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 151,021

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).



FEDERAL AWARDS SECTION



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

To the Board of Trustees
Sheldon 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 Sheldon 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 District’s basic financial statements, and have issued our report thereon dated November 19, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

To the Board of Trustees
Sheldon Independent School District

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
November 19, 2024

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

To the Board of Trustees
Sheldon Independent School District

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Sheldon 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 program for the year ended June 30, 2024. The District’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District's complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

Board of Trustees
Sheldon Independent School District

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.

Whitley Penn LLP

Houston, Texas
November 19, 2024

SHELDON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
US Department of Agriculture	
<i>Child Nutrition Cluster</i>	10.553, 10.555, 10.559
<i>Child and Adult Care Food Program</i>	10.558
US Department of Education	
<i>COVID- 19 - ARP Homeless II</i>	84.425W
<i>COVID- 19 - CRSSA ESSER II</i>	84.425D
<i>COVID- 19 - TCLASS ESSER III</i>	84.425U
<i>COVID-19 - ARP - ESSER III</i>	84.425U
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	Yes

SHELDON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2024

Financial Statement Findings

None reported

Federal Awards Findings and Questioned Costs

None reported

SHELDON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Exhibit K-1
Page 1 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass Through Entity Identifying Number	(3) Federal Expenditures
U.S. Department of Agriculture			
Passed Through Texas Education Agency:			
<i>National School Breakfast Program</i>	10.553	71402401	\$ 2,021,532
<i>National School Lunch Program</i>	10.555	71302401	5,035,319
Passed Through State Department of Agriculture:			
<i>National School Lunch Program - Non-Cash Assistance</i>	10.555	NT4XL1YGLGC5	420,881
<i>Supply Chain Assistance Grant</i>	10.555	NT4XL1YGLGC5	498,236
<i>Summer Food Service Program</i>	10.559	NT4XL1YGLGC5	101,734
<i>Total Child Nutrition Cluster (ALN 10.553, 10.555, 10.559)</i>			<u>8,077,702</u>
<i>Child and Adult Care Food Program</i>	10.558	NT4XL1YGLGC5	478,266
<i>State Administrative Expense (SAE) Funds</i>	10.560	NT4XL1YGLGC5	8,533
Total U. S. Department of Agriculture			<u>8,564,501</u>
U. S. Department of Education			
Passed Through State Department of Education:			
<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	24610101101924	2,215,999
<i>IDEA - Part B, Formula</i>	84.027A	246600011019246000	2,057,365
<i>IDEA - Part B, Preschool</i>	84.173A	246610011019246000	20,534
<i>COVID-19 - IDEA - Part B, Formula ARP Carryover</i>	84.027X	225350021019245000	227,973
<i>COVID-19 - IDEA - Part B, Preschool ARP Carryover</i>	84.173X	225360021019245000	8,690
<i>Total Special Education Cluster (ALN 84.027, 84.173)</i>			<u>2,314,562</u>
<i>Career and Technology - Carl D. Perkins Basic Grant</i>	84.048A	24420006101924	181,970
<i>Perkins Reserve</i>	84.048A	224200287110004	102,359
<i>Total ALN 84.048</i>			<u>284,329</u>
<i>Texas Gear Up Grant</i>	84.334S	235111017110005	300,973
<i>Title III, Part A - English Language Acquisition Grants</i>	84.365A	24671001101924	418,805
<i>ESEA Title II, Part A - Supporting Effective Instruction State Grant</i>	84.367A	24694501101924	330,404
<i>Summer School LEP</i>	84.369A	69552302	10,286
<i>Lone Star STEM Cycle</i>	84.411B	203929107110004	15,681
<i>Title IV, Part A, Subpart 1</i>	84.424A	24680101101924	218,870
<i>COVID- 19 - ARP Homeless II</i>	84.425W	21533002101924	27,473
<i>COVID- 19 - CRSSA ESSER II</i>	84.425D	21521001101924	189,395
<i>COVID- 19 - TCLASS ESSER III</i>	84.425U	21528042101924	681,740
<i>COVID-19 - ARP - ESSER III</i>	84.425U	21528001101924	6,891,524
<i>Total ALN 84.425</i>			<u>7,790,132</u>
Passed Through Harris County Department of Education:			
<i>Title IV, Part B 21st Century Community Learning Centers</i>	84.287C	S287C210044	217,932
Passed Through Texas Education Agency:			
<i>Title IV, Part B 21st Century Community Learning Centers</i>	84.287C	246950307110038	831,657
<i>Total ALN 84.287</i>			<u>1,049,589</u>
Total U. S. Department of Education			<u>14,949,630</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Exhibit K-1
Page 2 of 2

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Assistance Listing Number	(2A) Pass Through Entity Identifying Number	(3) Federal Expenditures
U. S. Department of Health and Human Services			
Passed Through Harris County Department of Education:			
<i>COVID-19 - Public Health Workforce Supplement</i>	93.354	HHS001101500001	\$ 21,569
Total U. S. Department of Health and Human Services			21,569
Federal Communications Commission			
Direct			
<i>COVID-19 - Emergency Connectivity Fund</i>	32.009	EFC202200777	17,620
Total Federal Communications Commission			17,620
Total Expenditures of Federal Awards			\$ 23,553,320

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the fiscal year ended June 30, 2024. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

The District accounts for all awards under federal programs in the General Fund and certain Special Revenue funds in accordance with the Texas Education Agency's Financial Accountability System Resource Guide. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

Note 2 - De Minimis Cost Rate

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

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and Federal revenues reported on Exhibit C-2:

Total Expenditures of Federal Awards - Exhibit K-1	\$ 23,553,320
SHARS	564,246
E-Rate	1,543,658
Federal interest subsidy	891,180
Total Federal Revenue - Exhibit C-2	<u>\$ 26,552,404</u>

SHELDON INDEPENDENT SCHOOL DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Note 4 - General Fund Expenditures

Federal Awards reported in the general fund are submitted as follows:

Medicaid SHARS	\$ 564,246
Federal interest subsidy	891,180
Summer School LEP	10,286
COVID-19 - Emergency Connectivity Fund	17,620
Indirect Costs:	
ESEA Title I, Part A - Improving Basic Programs	27,366
ESEA Title II, Part A - Supporting Effective Instruction State Grant	4,209
Texas Gear Up Grant	3,572
COVID-19 - ARP - ESSER III	675,214
COVID- 19 - TCLASS ESSER III	68,769
Title III, Part A - English Language Acquisition Grants	3,538
Lone Star STEM Cycle	216
Title IV, Part A, Subpart 1	2,828
Total Indirect Costs	<u>785,712</u>
Total Federal Revenue - Exhibit C-2	<u><u>\$ 2,269,044</u></u>

SHELDON INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2024

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings.” The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit’s schedule of findings and questioned costs and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected.

Prior Audit Findings

None reported

SHELDON INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2024

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

Corrective Action Plan

Not Applicable

