

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL AND COMPLIANCE REPORT*

*FOR THE YEAR ENDED JUNE 30, 2024*



**ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL AND COMPLIANCE REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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*CERTIFICATE OF BOARD*

Roscoe Collegiate Independent School District  
Name of School District

Nolan  
County

177-901  
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's reports of the above named school district were reviewed and \_\_\_approved  
- \_\_\_disapproved for the year ended June 30, 2024, at a meeting of the board of school trustees of such school district on the  
\_\_\_\_<sup>th</sup> day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

If the auditor's reports were checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Roscoe Collegiate Independent School District  
P.O. Box 579  
Roscoe, Texas 79545

### ***Opinions***

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for Roscoe Collegiate 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with account principles generally accepted in the United States of America.

### ***Basis for Opinions***

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### ***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 due date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit with 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*, I:

- 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 my 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.

I am 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 I identify during the audit.

#### ***Required Supplementary Information***

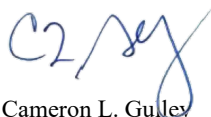
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of 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. I have applied certain limited procedure 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining statements, the required TEA schedules and the schedule of expenditures of federal awards, as required by Title I U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In my opinion, the combining statements, the required TEA schedules and the schedule of expenditures of federal awards listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated November 21, 2024, on my consideration of the District's internal control over financial reporting and on my 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 my 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 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.



Cameron L. Gulley  
Certified Public Accountant  
Eastland, Texas

November 21, 2024



# **R**OSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT

P.O. BOX 579, Roscoe, Texas 79545 325/766-3629 FAX 325/766-3138  
www.roscoe.esc14.net

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

In this section of the Annual Financial and Compliance Report, we, the managers of Roscoe Collegiate Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2024. Please read it in conjunction with the independent auditor's report on page 2 and the District's Basic Financial Statements which begin on page 10.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 - 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

### **Reporting the District as a Whole**

#### ***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 5. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

In the Statement of Net Position and the Statement of Activities, we divide the District into one activity:

Governmental activities - All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these services.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's one type of fund - governmental - uses the following accounting approach:

Governmental funds - All of the District's basic services are reported in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 16 and 17. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analyses of comparative balances and changes therein is inclusive of the current year's and prior year's operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental and business-type activities.

Total net position of the District's governmental activities increased from \$28,574,667 to \$33,607,523. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from \$11,618,107 to \$16,095,434. Current and other assets increased by \$37.5 million due to cash by \$57.8 million offset by reductions in state receivables by \$20.3 million. Capital assets decreased by \$350 thousand due to depreciation expense in excess of asset additions. Long-term liabilities decreased by \$97 thousand due to long-term debt retired during the year plus the effects of net pension (NPL) and other post-employment benefit (OPEB) liabilities. Other liabilities increased by \$32.7 million due to ending accounts payable for virtual school student contract services related to increased student enrollment. Deferred resource outflows related to NPL and OPEB liabilities increased by \$387 thousand and deferred resource inflows related to NPL and OPEB liabilities decreased by \$149 thousand.

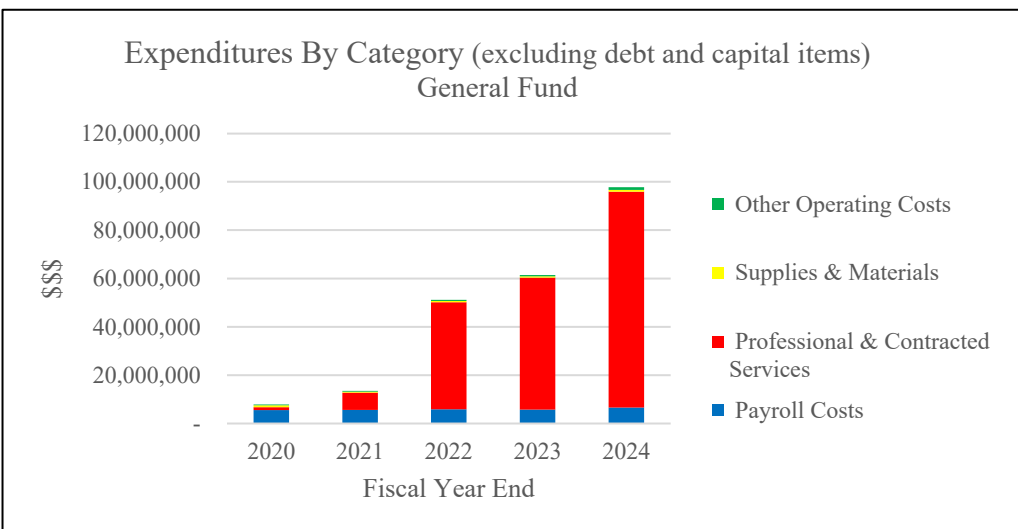
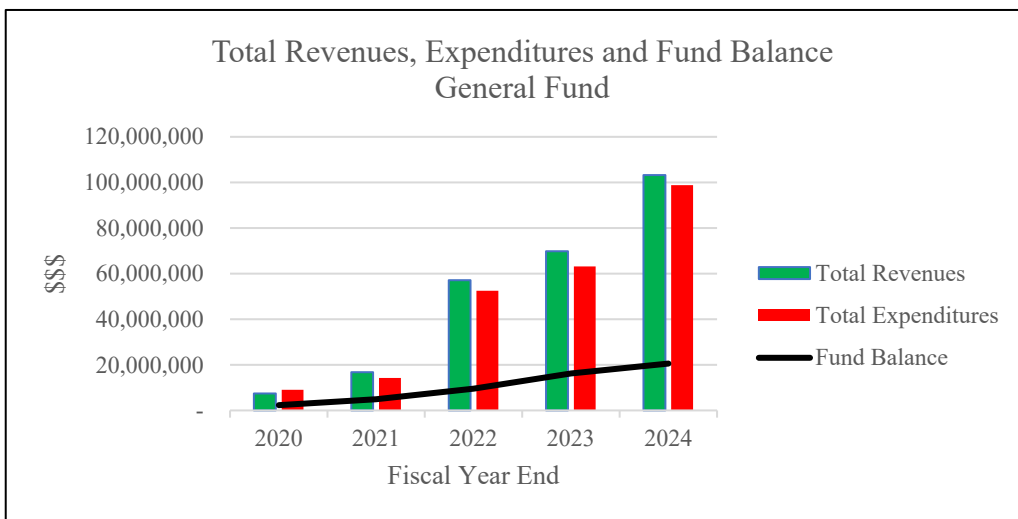
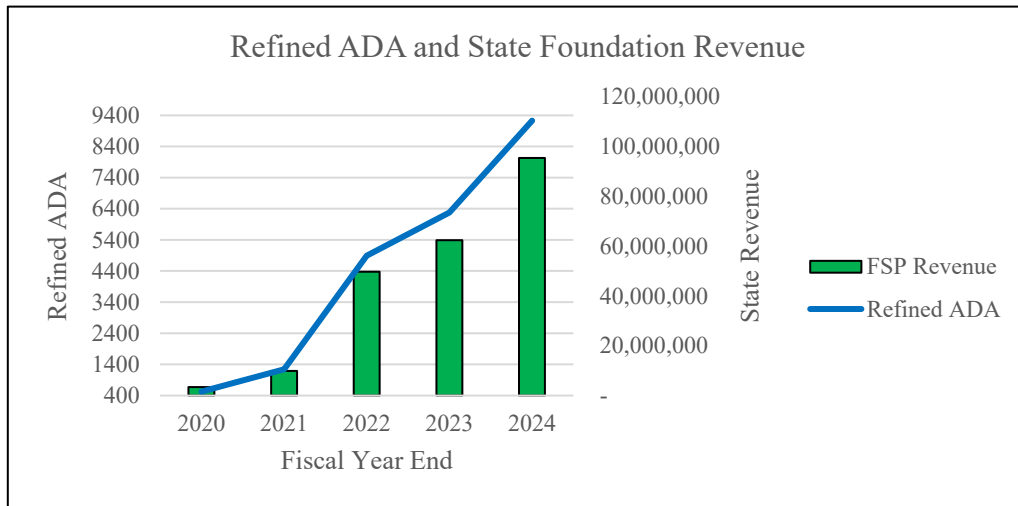
The District's total revenues were \$34 million more than last year. The District's enrollment related to its virtual school contract added nearly 3,000 additional students which resulted in \$32.6 million more state aid than last year. Charges for services decreased by \$68 thousand which was also related to prior year fees earned for the virtual school contract. Property taxes decreased due to state-mandated tax rate reductions. Other revenues increased due to investment income. Capital and operating grants and contributions increased by \$201 thousand due to state and federal grants.

Overall, total expenses were \$36.8 million more than last year. The main reason for the significant increase was due to contract services for the virtual school agreement. The fees related to that agreement totaled approximately \$88 million which was an increase of \$34.9 million from last year. The effects of those increased expenses were realized in instructional costs. Excluding the virtual expense increases, instructional and school leadership expenses increased due to payroll costs and contract services; student support services increased due to payroll and depreciation expenses; food services decreased due to supplies and other operating expenses; extracurricular activities increased due to payroll and other operating expenses related to student travel; general administration increased due to payroll costs; facilities maintenance and operations increased due to contract services, supplies and other operating expenses; payments related to shared service arrangements increased due to fiscal agent of a shared service arrangement grant due to the increased student enrollment.

Table I Net Position			
	Governmental Activities 2024	Governmental Activities 2023	Variance Increase/ (Decrease)
Current and other assets	\$ 109,148,384	\$ 71,670,114	\$ 37,478,270
Capital assets	18,567,486	18,916,997	(349,511)
Deferred resource outflows for TRS	2,225,066	1,838,478	386,588
Total assets and deferred resource outflows	129,940,936	92,425,589	37,515,347
Long-term liabilities	7,032,102	7,129,258	(97,156)
Other liabilities	8,592,516	53,863,586	(45,271,070)
Deferred resource inflows for TRS	2,708,795	2,858,078	(149,283)
Total liabilities and deferred resource inflows	18,333,413	63,850,922	(45,517,509)
Net position:			
Net investment in capital assets	15,653,987	15,403,238	250,749
Restricted for federal and state programs	210,580	217,414	(6,834)
Restricted for debt service and capital projects	1,647,522	1,335,908	311,614
Unrestricted	16,095,434	11,618,107	4,477,327
Total net position	\$ 33,607,523	\$ 28,574,667	\$ 5,032,856

Table II Changes in Net Position			
	Governmental Activities 2024	Governmental Activities 2023	Variance Favorable/ (Unfavorable)
Revenues:			
Program Revenues:			
Charges for services	\$ 129,575	\$ 197,975	\$ (68,400)
Operating grants and contributions	2,058,839	1,998,331	60,508
Capital grants and contributions	140,835		140,835
General Revenues:			
Property taxes - general operating	3,106,526	3,631,764	(525,238)
Property taxes - debt service	292,563	254,726	37,837
State aid - formula grants	98,252,061	65,676,771	32,575,290
Other	1,668,861	(305,846)	1,974,707
Total Revenues	105,649,260	71,453,721	34,195,539
Expenses:			
Instruction, curriculum and media services	94,818,503	59,100,770	(35,717,733)
Instructional and school leadership	1,129,727	777,573	(352,154)
Student support services	596,183	446,543	(149,640)
Child nutrition	260,595	296,384	35,789
Extracurricular activities	661,785	576,457	(85,328)
General administration	613,897	498,406	(115,491)
Plant maintenance, security & data processing	1,748,547	1,399,469	(349,078)
Debt service	86,043	107,111	21,068
Payments related to shared service arrangements	603,662	486,547	(117,115)
Other intergovernmental charges	97,462	86,563	(10,899)
Total Expenses	100,616,404	63,775,823	(36,840,581)
Increase (Decrease) in Net Position	5,032,856	7,677,898	(2,645,042)
Net Position - beginning of year	28,574,667	20,896,769	7,677,898
Net Position - end of year	\$ 33,607,523	\$ 28,574,667	\$ 5,032,856

The following charts depict trend information for the past five years.



## THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$22,518,386, an increase of \$4.7 million in the District's Governmental Funds from last year's fund balance of \$17,788,201. The primary reasons for the net increase are similar to the narrative related to the tables above. The major exceptions are depreciation expense which is not charged to the governmental funds, proceeds from debt issued during the year and the net effect relative to GASB 68 and 75. The specific variances in the changes in fund balance versus the change in net position are detailed out on Exhibit C-4 on the accompanying general purpose financial statements.

The Board of Trustees revised the District's budget several times during the year. The most significant budget amendments were in state aid revenue and instruction for increased enrollment resulting in higher contracted services related to the virtual school contract.

The District's General Fund balance of \$20,591,497 reported on pages 14 and 42 differs from the General Fund's budgetary fund balance of \$40,355,018 reported in the budgetary comparison schedule on page 42 due to revenues (related to state foundation) being less than budgeted and expenditures (primarily related to instruction) being more than budgeted.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of fiscal year 2024, the District had \$30,194,077 invested in a broad range of capital assets including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Following were asset additions for the year.

Asset additions:

Vehicles (2) - GMC Yukon and 3500 pickup	\$	115,638
Campus security improvements		152,730
Real estate and building acquisitions		379,960
Other building improvements		32,624
Drone		11,460
Total asset additions	\$	<u>692,412</u>

### *Debt*

The District has five outstanding debt obligations used to finance purchases of facilities and equipment. Interest rates on the debt instruments vary from 0.90% to 5.0% with final maturities in 2034.

Following is a summary of outstanding debt for the past two years:

	2024	2023
Bonds payable	\$ 1,395,000	\$ 1,595,000
Loans payable	1,359,027	1,741,553
Total	<u>\$ 2,754,027</u>	<u>\$ 3,336,553</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District should continue to maintain its financial health. A budget adopted for 2024-25 reflects a budget of \$88.2 million for general fund revenues and expenditures for a projected break-even budget. Tax rates were set for maintenance and operating at \$0.7787 and interest and sinking at \$0.062494 for the 2024-25 fiscal year. The District expects that its general fund balance will approximate \$20.6 million at June 30, 2025.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's business office at: Roscoe Collegiate Independent School District, P.O. Box 579, Roscoe, Texas 79545.



*BASIC FINANCIAL STATEMENTS*





ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2024

EXHIBIT A-1

Data		Primary Government
Control		Governmental
Codes		Activities
<b>ASSETS</b>		
1110	Cash and Cash Equivalents	\$ 72,150,804
1220	Property Taxes - Delinquent	120,835
1230	Allowance for Uncollectible Taxes	(52,484)
1240	Due from Other Governments	36,929,229
	Capital Assets:	
1510	Land	109,489
1520	Buildings, Net	15,352,123
1530	Furniture and Equipment, Net	1,130,435
1590	Infrastructure, Net	1,975,439
1000	Total Assets	127,715,870
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1701	Deferred Charge for Refunding	76,458
1705	Deferred Outflow Related to TRS Pension	1,073,114
1706	Deferred Outflow Related to TRS OPEB	1,075,494
1700	Total Deferred Outflows of Resources	2,225,066
<b>LIABILITIES</b>		
2110	Accounts Payable	85,865,661
2140	Interest Payable	30,869
2150	Payroll Deductions and Withholdings	220,940
2160	Accrued Wages Payable	446,302
2200	Accrued Expenses	18,947
2300	Unearned Revenue	9,797
	Noncurrent Liabilities:	
2501	Due Within One Year: Loans, Note, Leases, etc.	493,061
	Due in More than One Year:	
2502	Bonds, Notes, Loans, Leases, etc.	2,496,896
2540	Net Pension Liability (District's Share)	2,585,491
2545	Net OPEB Liability (District's Share)	1,456,654
2000	Total Liabilities	93,624,618
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred Inflow Related to TRS Pension	183,560
2606	Deferred Inflow Related to TRS OPEB	2,525,235
2600	Total Deferred Inflows of Resources	2,708,795
<b>NET POSITION</b>		
3200	Net Investment in Capital Assets and Right-to-Use Lease Assets	15,653,987
	Restricted:	
3820	Restricted for Federal and State Programs	210,580
3850	Restricted for Debt Service	1,647,522
3900	Unrestricted	16,095,434
3000	Total Net Position	\$ 33,607,523

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	1	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		3	4	5	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
GOVERNMENTAL ACTIVITIES:					
11 Instruction	\$ 94,718,473	\$ -	\$ 1,726,850	\$ -	\$ (92,991,623)
12 Instructional Resources and Media Services	37,678	-	699	-	(36,979)
13 Curriculum and Instructional Staff Development	62,352	-	-	-	(62,352)
21 Instructional Leadership	709,603	-	18,958	-	(690,645)
23 School Leadership	420,124	-	10,106	-	(410,018)
31 Guidance, Counseling and Evaluation Services	161,097	-	32,113	-	(128,984)
33 Health Services	42,716	-	1,320	-	(41,396)
34 Student (Pupil) Transportation	355,054	-	2,598	-	(352,456)
35 Food Services	260,595	60,580	202,902	-	2,887
36 Extracurricular Activities	661,785	68,995	8,684	-	(584,106)
41 General Administration	613,897	-	11,894	-	(602,003)
51 Facilities Maintenance and Operations	1,358,913	57,725	41,559	-	(1,259,629)
52 Security and Monitoring Services	59,473	-	1,785	140,835	83,147
53 Data Processing Services	330,161	-	4,351	-	(325,810)
72 Debt Service - Interest on Long-Term Debt	81,543	-	-	-	(81,543)
73 Debt Service - Bond Issuance Cost and Fees	4,500	-	-	-	(4,500)
93 Payments Related to Shared Service Arrangements	603,662	-	-	-	(603,662)
99 Other Intergovernmental Charges	97,462	-	-	-	(97,462)
[TP] TOTAL PRIMARY GOVERNMENT	\$ 100,579,088	\$ 187,300	\$ 2,063,819	\$ 140,835	\$ (98,187,134)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	3,106,526
DT	Property Taxes, Levied for Debt Service	292,563
SF	State Aid - Formula Grants	98,252,061
IE	Investment Earnings	1,489,082
MI	Miscellaneous Local and Intermediate Revenue	79,758
TR	Total General Revenues	103,219,990
CN	Change in Net Position	5,032,856
NB	Net Position - Beginning	28,574,667
NE	Net Position - Ending	\$ 33,607,523

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2024

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 69,876,605	\$ 2,274,199	\$ 72,150,804
1220 Property Taxes - Delinquent	112,026	8,809	120,835
1230 Allowance for Uncollectible Taxes	(49,659)	(2,825)	(52,484)
1240 Due from Other Governments	36,680,097	249,132	36,929,229
1260 Due from Other Funds	190,667	715	191,382
1000 Total Assets	<u>\$ 106,809,736</u>	<u>\$ 2,530,030</u>	<u>\$ 109,339,766</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 85,515,521	\$ 350,140	\$ 85,865,661
2150 Payroll Deductions and Withholdings Payable	220,940	-	220,940
2160 Accrued Wages Payable	404,868	41,434	446,302
2170 Due to Other Funds	715	190,667	191,382
2200 Accrued Expenditures	13,828	5,119	18,947
2300 Unearned Revenue	-	9,797	9,797
2000 Total Liabilities	<u>86,155,872</u>	<u>597,157</u>	<u>86,753,029</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	62,367	5,984	68,351
2600 Total Deferred Inflows of Resources	<u>62,367</u>	<u>5,984</u>	<u>68,351</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	210,580	210,580
3480 Retirement of Long-Term Debt	-	1,641,538	1,641,538
Assigned Fund Balance:			
3590 Other Assigned Fund Balance	-	74,771	74,771
3600 Unassigned Fund Balance	20,591,497	-	20,591,497
3000 Total Fund Balances	<u>20,591,497</u>	<u>1,926,889</u>	<u>22,518,386</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 106,809,736</u>	<u>\$ 2,530,030</u>	<u>\$ 109,339,766</u>

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

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

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 22,518,386</b>
1 Capital assets and right-to-use leased assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$29,501,665 and the accumulated depreciation was (\$10,584,668). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	15,403,238
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the capital outlays and debt principal payments is to increase net position. Similarly, the principal payments on right-to-use leased assets and subscription-based information technology arrangement assets (SBITA) are not expenses, rather they are decreases in the right-to-use lease liabilities and the SBITA liabilities. These payments must be reclassified and shown as reductions to these liabilities increasing net position.	1,274,938
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of \$1,073,114, a deferred resource inflow in the amount of \$183,560, and a net pension liability in the amount of \$2,585,491. This resulted in a decrease in net position.	(1,695,937)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$1,075,494, a deferred resource inflow in the amount of \$2,525,235, and a net OPEB liability in the amount of \$1,456,654. This resulted in a decrease in net position.	(2,906,395)
5 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,041,923)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	55,216
<b>19 Net Position of Governmental Activities</b>	<b>\$ 33,607,523</b>

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 4,716,827	\$ 468,478	\$ 5,185,305
5800 State Program Revenues	98,455,424	450,719	98,906,143
5900 Federal Program Revenues	41	1,735,938	1,735,979
5020 Total Revenues	103,172,292	2,655,135	105,827,427
EXPENDITURES:			
Current:			
0011 Instruction	92,561,908	1,554,508	94,116,416
0012 Instructional Resources and Media Services	38,285	-	38,285
0013 Curriculum and Instructional Staff Development	62,352	-	62,352
0021 Instructional Leadership	727,148	-	727,148
0023 School Leadership	429,320	-	429,320
0031 Guidance, Counseling, and Evaluation Services	138,617	27,156	165,773
0033 Health Services	43,964	-	43,964
0034 Student (Pupil) Transportation	408,161	-	408,161
0035 Food Services	-	270,316	270,316
0036 Extracurricular Activities	521,791	42,942	564,733
0041 General Administration	614,433	-	614,433
0051 Facilities Maintenance and Operations	1,324,170	33,566	1,357,736
0052 Security and Monitoring Services	48,156	142,620	190,776
0053 Data Processing Services	333,556	-	333,556
Debt Service:			
0071 Principal on Long-Term Liabilities	382,526	200,000	582,526
0072 Interest on Long-Term Liabilities	42,363	63,800	106,163
0073 Bond Issuance Cost and Fees	500	4,000	4,500
Capital Outlay:			
0081 Facilities Acquisition and Construction	379,960	-	379,960
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	603,662	-	603,662
0099 Other Intergovernmental Charges	97,462	-	97,462
6030 Total Expenditures	98,758,334	2,338,908	101,097,242
1200 Net Change in Fund Balances	4,413,958	316,227	4,730,185
0100 Fund Balance - July 1 (Beginning)	16,177,539	1,610,662	17,788,201
3000 Fund Balance - June 30 (Ending)	\$ 20,591,497	\$ 1,926,889	\$ 22,518,386

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

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

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 4,730,185</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase the change net position. Similarly, current year principal payments on right-to-use leased assets and subscription-based information technology arrangements (SIBTA) are also reclassified as reductions to the right-to-use lease liability and the SBITA liability which will result in an increase in the change in net position.	1,274,938
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(1,041,923)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.	36,889
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$169,672. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in the change in net position totaling \$163,064. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$274,362. The net result was a decrease in the change in net position.	(267,754)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$46,406. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in the change in net position totaling \$50,641. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by \$304,756. The net result was an increase in the change in net position.	300,521
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 5,032,856</b>

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

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

EXHIBIT D-1

	Custodial Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,406
Total Assets	<u>1,406</u>
LIABILITIES	
Accounts Payable	<u>1,545</u>
Total Liabilities	<u>1,545</u>
NET POSITION	
Restricted for Other Purposes	<u>(139)</u>
Total Net Position	<u><u>\$ (139)</u></u>

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

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2024

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	Custodial Fund
<b>ADDITIONS:</b>	
Enterprising Services Revenue	\$ 56,236
Total Additions	<u>56,236</u>
<b>DEDUCTIONS:</b>	
Supplies and Materials	<u>53,930</u>
Total Deductions	<u>53,930</u>
Change in Fiduciary Net Position	2,306
 Total Net Position - July 1 (Beginning)	 <u>(2,445)</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ (139)</u></u>

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



ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AT AND FOR THE YEAR ENDED JUNE 30, 2024

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Roscoe Collegiate Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 76**, and it complies with the requirements of the appropriate version of Texas Education Agency's **Financial Accountability System Resource Guide** (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

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

*Other Post-Employment Benefits (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.

The District applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

**A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. 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 compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. 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 some times require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position and/or Statement of Fiduciary Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

Custodial Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Fiduciary Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

#### **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **The General Fund.** The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

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

Governmental Funds:

2. **Special Revenue Funds.** The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
3. **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Fiduciary Funds:

4. **Custodial Funds.** The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the "Roscoe Collegiate Student Activity Fund."

#### **E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Right-to-use leases are reported in the government-wide statements with the lease liability calculated as the present value of reasonably certain expected future payments over the term of the lease. Right-to-use SBITA liabilities are reported in the government-wide statements. The SBITA liability is calculated as the present value of the reasonably certain expected payments made over the term of the contract and the interest included in the SBITA payments is recorded as an expense.

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

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Asset:</u>	<u>Years</u>
Buildings	30-50
Building Improvements	10-50
Vehicles	5-10
Equipment	5-7
Technology Equipment	5

Right-to-use leased assets and SBITA assets are depreciated/amortized using the straight line method over the term of the respective agreements.

6. In the fund financial statements, governmental funds report fund balance as nonspendable if the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. Restrictions of fund balance are for amounts that are restricted to specific purposes by an external entity (creditors, grantors, governmental regulations) or the restriction is imposed by law through constitutional provision or enabling legislation. Commitments of fund balance represent amounts that can only be used for specific purposes pursuant to constraints imposed by the District's board. Assignments of fund balance are amounts set aside by the District's superintendent or his designee with the intent they be used for specific purposes.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
8. In general governments are required to report investments at fair value. These methods are disclosed in section III.A. below.
9. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Items reported as deferred outflows of resources are as follows:

Deferred charges for bond refunding	\$ 76,458
Deferred charges related to TRS retirement	\$ 1,073,114
Deferred charges related to TRS OPEB	\$ 1,075,494

10. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position. Items reported as deferred inflows of resources are as follows:

Deferred charges related to TRS retirement	\$ 183,560
Deferred charges related to TRS OPEB	\$ 2,525,235

11. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit E-1 in RSI and the other reports are in Exhibits G-2 and G-3.

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

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

### B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year, the District had the following functional categories that exceeded its final amended budget by more than \$2,500 in the General Fund:

Functional Category	Amount Over Budget	Explanation
0011 - Instruction	\$ 8,071,334	See below.
0036 - Extracurricular activities	\$ 7,954	See below.
0041 - General administration	\$ 16,291	See below.
0051 - Facilities maintenance and operations	\$ 10,237	See below.

Budget overages for the year were primarily attributable to an online learning academy for which the District serves as joint partner. Revenues and related expenditures for the online academy vary greatly and total revenues and related expenditures for the current year were approximately \$30 million more than last year. Budget amendments were made throughout the year to account for the increase in revenues and related expenditures. However, the near-final summary of finance resulted in much higher revenue and related pass-thru expenditures than was estimated.

### C. DEFICIT FUND EQUITY

None.

### III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

#### A. CASH, CASH EQUIVALENTS AND INVESTMENTS

##### Cash and Cash Equivalents

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits. State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits. The District was not exposed to custodial credit risk.

Foreign Currency Risk. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by having no deposits denominated in a foreign currency. Therefore, the District was not exposed to foreign currency risk.

As of June 30, 2024, the following are the District's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity < 1 Yr	Maturity 1-10 Yrs	Maturity > 10 Yrs	Credit Rating
Money market and FDIC insured accounts	\$ 69,893,007	97%	\$ 69,893,007			N/A
Investment pooled accounts	2,259,203	3%	2,259,203			N/A
Total Cash and Cash Equivalents	<u>\$ 72,152,210</u>	<u>100%</u>	<u>\$ 72,152,210</u>			

##### Investments

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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

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

Additional policies and contractual provisions governing investments for the District are specified below:

Credit Risk. To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in commercial paper, corporate bonds and mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2024, all of the District's investments were rated AAA by Standard & Poor's rating agency. Therefore, the District was not exposed to credit risk.

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

*Concentration of Credit Risk.* To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%. The District was not exposed to concentration of credit risk.

*Interest Rate Risk.* To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires a review of its investment portfolio at least annually to determine whether market conditions pose an inherent risk of future interest rates either rising or falling which could significantly affect investment performance. The District was not exposed to interest rate risk.

*Foreign Currency Risk for Investments.* The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in any foreign currency. Therefore, the District was not exposed to foreign currency risk.

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

#### Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investment in Pools is reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940.

At June 30, 2024, the District had no investments other than public funds investment pool accounts.

## **B. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period.

### C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General Fund is based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

### D. INTERFUND BALANCES AND TRANSFERS

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

Fund	Receivable	Payable	Purpose	Current?
General fund			Temporary advances	Yes
Nonmajor governmental funds			Temporary advances	Yes
Total				

Interfund transfers for the year ended June 30, 2024 consisted of the following individual amounts:

Fund	Transfers In	Transfers Out	Purpose
Nonmajor special revenue fund			Food service bad debt write-off
General fund			Food service bad debt write-off
Total			

### E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2024 were as follows:

	Property Taxes (net)	Other Governments	Total Receivables
Governmental Activities:			
General fund	\$ 62,367	\$ 36,680,097	\$ 36,742,464
Nonmajor governmental funds	5,984	249,132	255,116
Total Governmental Activities	<u>\$ 68,351</u>	<u>\$ 36,929,229</u>	<u>\$ 36,997,580</u>

Payables at June 30, 2024 were as follows:

	Accounts	Salaries and Benefits	Total Payables
Governmental Activities:			
General fund	\$ 85,515,521	\$ 639,636	\$ 86,155,157
Nonmajor governmental funds	350,140	46,553	396,693
Total Governmental Activities	<u>\$ 85,865,661</u>	<u>\$ 686,189</u>	<u>\$ 86,551,850</u>



## F. CAPITAL ASSET ACTIVITY

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

	Balance 6/30/2023	Additions	Disposals	Balance 6/30/2024
Governmental activities:				
Land and improvements	\$ 46,545	\$ 62,944		\$ 109,489
Buildings and improvements	22,586,315	363,581		22,949,896
Furniture and equipment	3,869,992	169,627		4,039,619
Infrastructure	2,998,813	96,260		3,095,073
Totals	29,501,665	692,412	0	30,194,077
Less accumulated depreciation for:				
Buildings and improvements	6,987,797	609,976		7,597,773
Furniture and equipment	2,601,601	307,583		2,909,184
Infrastructure	995,270	124,364		1,119,634
Total accumulated depreciation	10,584,668	1,041,923	0	11,626,591
Governmental activities capital assets, net	\$ 18,916,997	\$ (349,511)	\$ 0	\$ 18,567,486

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 760,103
Instructional resources and media services	145
Instructional leadership	2,754
School leadership	1,626
Guidance, counseling and evaluation services	628
Health services	167
Student (pupil) transportation	102,627
Food services	3,618
Extracurricular activities	125,633
General administration	12,198
Facilities maintenance and operations	21,628
Security and monitoring services	9,532
Data processing services	1,264
Total depreciation expense - governmental activities	<u>\$ 1,041,923</u>

## G. BONDS AND LONG-TERM NOTES PAYABLE

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended June 30, 2024 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 6/30/2023	Issued	Retired/ Defeased	Amounts Outstanding 6/30/2024
<b>Bonds Payable:</b>						
Unlimited tax refunding bonds, series 2016	2.0% to 4.0%	\$ 3,165,000	\$ 1,595,000		\$ 200,000	\$ 1,395,000
Bond premium, series 2016	N/A	N/A	228,112		21,469	206,643
Subtotal - Bonds Payable			1,823,112	0	221,469	1,601,643
<b>Long-Term Loans Payable:</b>						
Time warrants, series 2016	2.0% to 4.0%	\$ 1,000,000	760,000		85,000	675,000
Note payable, First Fin'l Bank	4.5%	\$ 114,809	80,850		10,467	70,383
Apple Corp. note payable	0.9%	\$ 366,154	91,945		91,945	0
Maint. tax note, series 2021	2.41%	\$ 602,973	487,659		117,649	370,010
Financing contract #9733	2.41%	\$ 397,027	321,099		77,465	243,634
Bond premium, series 2016	N/A	N/A	33,496		4,209	29,287
Subtotal - Loans Payable			1,775,049	0	386,735	1,388,314
Total Long-Term Debt			\$ 3,598,161	\$ 0	\$ 608,204	\$ 2,989,957

### Roscoe Collegiate ISD Unlimited Tax Refunding Bonds, Series 2016 -

On May 26, 2016, the District issued \$3,165,000 in unlimited tax refunding bonds to provide the resources to place in an escrow account for the purpose of generating resources for future debt service payments of \$4,040,000 of unlimited tax school building bonds originally issued in 2009. Interest rates on the debt range from 2.0% - 4.0% and mature on February 15, 2034. Bonds due on or after February 15, 2028 are callable at par on February 15, 2026 or any principal maturity date thereafter. The bonds were issued at a net premium of \$380,184 which is being amortized over the life of the bonds.

### Roscoe Collegiate ISD Time Warrants, Series 2016 -

On October 11, 2016, the District issued time warrants for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$1,000,000, maturing in various amounts, with a stated interest rates of 2.0% - 4.0%, with a final maturity on June 15, 2031. Warrants maturing on or after June 15, 2025 shall be subject to redemption prior to maturity, on June 15, 2024 or on any date thereafter, at par. The warrants were issued at a premium of \$61,731 which is being amortized over the life of the warrants.

### First Financial Bank Note Payable -

On August 21, 2019, the District entered into a long-term loan agreement with First Financial Bank totaling \$114,809 with proceeds used to purchase energy savings equipment for the District. The loan was issued with a stated interest rate of 4.5% payable beginning March 25, 2021 and quarterly thereafter until final maturity on December 25, 2028.

### Roscoe Collegiate ISD Maintenance Tax Note, Series 2021 -

On November 30, 2021, the District issued a maintenance tax note for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$602,973, payable in annual installments of \$129,401 with a stated interest rate of 2.41% and a final maturity on November 19, 2026.

### Financing Contract #9733 -

On November 30, 2021, the District issued a long-term financing contract for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$397,027, payable in annual installments of \$85,204 with a stated interest rate of 2.41% and a final maturity on November 19, 2026.

## H. DEBT SERVICE REQUIREMENTS - BONDS AND LONG-TERM NOTES PAYABLE

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2025	\$ 493,061	\$ 90,175	\$ 583,236
2026	474,980	73,795	548,775
2027	470,246	59,761	530,007
2028	241,785	46,085	287,870
202	218,955	38,282	257,237
2030-34	855,000	90,075	945,075
Totals	<u>\$ 2,754,027</u>	<u>\$ 398,173</u>	<u>\$ 3,152,200</u>

## I. DEFINED BENEFIT PENSION PLAN

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

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

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

**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 <http://www.trs.state.tx.us/about/documents/acfr.pdf#ACFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

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

**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 grand fathered, 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 post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

**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. 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The 86<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2023 and 2024.

Contribution Rates		
	2023	2024
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%

Current fiscal year District contributions	\$	199,319
Current fiscal year Member contributions	\$	431,459
Measurement year NECE contributions	\$	289,544

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

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

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 education service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025. The surcharge amount is 1.9% for fiscal year 2024.
- 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.

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

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions, please see the TRS actuarial valuation report dated November 22, 2022 and located at <https://www.trs.texas.gov>. The total pension liability in the August 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal bond rate as of August 2023	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit Changes During the Year	None
Ad hoc Post-Employment Benefit Changes	None

**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 the 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 legislative session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 gradually increasing to 9.56% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

Asset Class <sup>1</sup>	Target Allocation <sup>2</sup> %	Long-Term Expected Geometric Real Rate of Return <sup>3</sup>	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18%	4.0%	1.0%
Non-U.S. Developed	13%	4.5%	0.9%
Emerging Markets	9%	4.8%	0.7%
Private Equity	14%	7.0%	1.5%
Stable Value			
Government Bonds	16%	2.5%	0.5%
Absolute Return (Including Credit Sensitive Investments)	0%	3.6%	0.0%
Stable Value Hedge Funds	5%	4.1%	0.2%
Real Return			
Real Estate	15%	4.9%	1.1%
Energy, Natural Resources and Infrastructure	6%	4.8%	0.4%
Commodities	0%	4.4%	0.0%
Risk Parity			
Risk Parity	8%	4.5%	0.4%
Asset Allocation Leverage			
Cash	2%	3.7%	0.0%
Asset Allocation Leverage	-6%	4.4%	-0.1%
Inflation Expectation			2.3%
Volatility Drag <sup>4</sup>			-0.9%
Expected Return	100%		8.0%

<sup>1</sup> Absolute Return includes Credit Sensitive Investments.

<sup>2</sup> Target allocations are based on the FY2023 policy model.

<sup>3</sup> Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023).

<sup>4</sup> The volatility drag results from the conversion between arithmetic and geometric mean returns.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the 2023 Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net pension liability	\$ 3,865,452	\$ 2,585,494	\$ 1,521,202

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June30, 2024, the District reported a liability of \$2,585,494 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	\$ 2,585,494
State's proportionate share that is associated with the District	3,869,255
Total	<u>\$ 6,454,749</u>

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

At August 31, 2023 the District's proportion of the collective net pension liability was 0.0037639794% which was an increase of 0.0001280687% from its proportion measured as of August 31, 2022.

**Changes Since the Prior Actuarial Valuation.** Changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period are as follows:

There were no changes in assumptions since the prior measurement date.

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

For the year ended June 30, 2024, the District recognized pension expense of \$1,021,650 and revenue of \$584,224 for support provided by the State in the Government-Wide Statement of Activities.

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
Difference between expected and actual economic experiences	\$ 92,122	\$ 31,307
Changes in actuarial assumptions	244,537	59,844
Differences between projected and actual investment earnings	376,252	
Changes in proportion and differences between the District's contributions and the proportionate share of contributions	190,531	92,409
Total as of August 31, 2023 measurement date	\$ 903,442	\$ 183,560
Contributions paid to TRS subsequent to the measurement date	169,672	
Total as of August 31, 2024 fiscal year end	<u>\$ 1,073,114</u>	<u>\$ 183,560</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal year ended June 30,	Amount
2025	\$ 162,418
2026	\$ 97,609
2027	\$ 327,198
2028	\$ 116,180
2029	\$ 16,476
Thereafter	\$ 1

## J. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

**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 Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

**OPEB Plan Fiduciary Net Position.** Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/acfr.pdf#ACFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592.

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

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

**Benefits Provided.** TRS-Care provides a basic health insurance coverage at no cost to all 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 pay premiums to participate in the high-deductible health plans. Eligible Medicare retirees and dependents may pay premiums to participate in the Medicare Advantage health plans. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The following premium rates for retirees with Medicare Part A and Part B are reflected in the following table.

TRS-Care Plan Premium Rates		
	Medicare	Non-Medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

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

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

Contribution Rates		
	2023	2024
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by employers	1.25%	1.25%

Current fiscal year District contributions	\$ 57,658
Current fiscal year member contributions	\$ 34,153
Measurement year NECE contributions	\$ 68,873

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of \$535 per month when employee a retiree of the TRS.

TRS-Care received a supplemental appropriation 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 87<sup>th</sup> Legislature.

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



The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

The following assumptions used for members of TRS are identical to the assumptions employed in the August 31, 2022 TRS annual pension actuarial valuation:

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

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

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

Additional Actuarial Methods and Assumptions:

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

**Discount Rate.** A single discount rate of 4.13% was used to measure the total OPEB liability. This was an increase of 0.22% in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate which is based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The source for the rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity “20-Year Municipal GO AA Index”, as of August 31, 2023.

**Sensitivity of the Net OPEB Liability:**

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

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
District’s proportionate share of net OPEB liability	\$ 1,715,635	\$ 1,456,654	\$ 1,245,319

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 1,199,481	\$ 1,456,654	\$ 1,787,507

**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 \$1,456,654 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 1,456,654
State's proportionate share that is associated with the District	1,757,676
Total	<u>\$ 3,214,330</u>

The net OPEB liability was measured as of August 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District'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 thru August 31, 2023.

At August 31, 2023 the District's proportion of the collective net OPEB liability was 0.0065797881% which was an increase of 0.0008474540% from its proportion measured as of August 31, 2022.

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

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

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

For the year ended June 30, 2024, the District recognized OPEB expense of (\$629,869) and revenue of (\$375,754) 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:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual actuarial experience	\$ 65,903	\$ 1,225,498
Changes in actuarial assumptions	198,823	891,948
Differences between projected and actual investment earnings	630	
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	763,732	407,789
Total as of August 31, 2023 measurement date	<u>\$ 1,029,088</u>	<u>\$ 2,525,235</u>
Contributions paid to TRS subsequent to the measurement date	46,406	
Total as of August 31, 2024 fiscal year end	<u>\$ 1,075,494</u>	<u>\$ 2,525,235</u>

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

Fiscal year ended June 30,	Amount
2025	\$ (368,922)
2026	\$ (302,112)
2027	\$ (211,662)
2028	\$ (218,489)
2029	\$ (186,606)
Thereafter	\$ (208,356)

#### K. HEALTH CARE COVERAGE - RETIREES AND ACTIVE EMPLOYEES

##### Retiree Health Care Coverage

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

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

**Contributions.** Contributions made by the State on behalf of the District are recorded in the governmental funds financial statements as both revenue and expenditures. State contributions to TRS made on behalf to the District's employees as well as the District's required contributions and federal grant program contributions for the years ended June 30, 2024, 2023 and 2022 are as follows:

Contribution Rates and Contribution Amounts						
Year	Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2024	0.65%	\$ 34,153	1.25%	\$ 65,678	0.75%	\$ 39,407
2023	0.65%	\$ 32,301	1.25%	\$ 62,119	0.75%	\$ 37,206
2022	0.65%	\$ 33,947	1.25%	\$ 65,267	0.75%	\$ 39,169

**Medicare Part D.** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended June 30, 2024, 2023 and 2022 were \$30,360, \$24,304 and \$16,075, respectively.

### **Active Employee Health Care Coverage**

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

### **L. CHANGES IN LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds Payable	\$ 1,595,000		\$ 200,000	\$ 1,395,000	\$ 185,000
Bond Premium	261,608		25,678	235,930	0
Notes Payable	1,741,553		382,526	1,359,027	308,061
Net Pension Liability	2,158,547	426,944		2,585,491	0
Net OPEB liability	1,372,550	84,104		1,456,654	0
Total	<u>\$ 7,129,258</u>	<u>\$ 511,048</u>	<u>\$ 608,204</u>	<u>\$ 7,032,102</u>	<u>\$ 493,061</u>

### **M. UNAVAILABLE/UNEARNED REVENUE**

Unavailable and unearned revenue at year-end consisted of the following:

Fund	Unavailable Revenue (levied but uncollected property taxes)	Unearned Revenue (unexpended private grant proceeds)
General fund	\$ 62,367	
Nonmajor governmental funds	5,984	9,797
Total	<u>\$ 68,351</u>	<u>\$ 9,797</u>

### **N. DUE FROM STATE AND FEDERAL AGENCIES**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2024, are summarized below. They are reported on the combined financial statements as Due from Other Governments.

Fund	State Entitlements	Federal Grants	Total
General	\$ 36,676,798		\$ 36,676,798
Nonmajor governmental funds	4,065	233,935	238,000
Net Total Receivables	<u>\$ 36,680,863</u>	<u>\$ 233,935</u>	<u>\$ 36,914,798</u>

## O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Description	General Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 3,081,733	\$ 291,132	\$ 3,372,865
Penalties, interest and other tax-related income	12,672	1,283	13,955
Food sales		60,580	60,580
Investment income	1,428,136	60,946	1,489,082
Extracurricular student activities	14,458	54,537	68,995
Gifts and local grants	5,029		5,029
Rental fees	57,725		57,725
Insurance recovery	37,316		37,316
Chapter 313 revenue-loss and supplemental fee	61,400		61,400
Other income	18,358		18,358
Total	<u>\$ 4,716,827</u>	<u>\$ 468,478</u>	<u>\$ 5,185,305</u>

## P. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities related to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

## Q. JOINT VENTURE SHARED SERVICE ARRANGEMENTS

The District participates in a shared services arrangement for Special Education services with the West Central Texas Shared Service Arrangement. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Sweetwater ISD, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

The District also participates in various shared service arrangements with the Education Service Center Region 14. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Education Service Center Region 14 is the fiscal agent manager and is responsible for all financial activities of the shared service arrangement.

## R. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year 2024, the District purchased commercial insurance to cover general liabilities. Additional insurance information by coverage type follows.

### Property Casualty Program

The District participated in the Texas Association of School Boards Risk Management Fund (the "Fund") with coverage in auto liability, auto physical damage, general liability, property and legal liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. There were no significant reductions in coverage in the past fiscal year and there were not settlements exceeding insurance coverage for each of the past three years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its auto, liability and property programs. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended June 30, 2024, the Fund anticipates the District has not additional liability beyond the contractual obligations for payment of contributions.

#### Workers' Compensation

The District has established a partially self-funded workers' compensation plan by participating in the SchoolComp self-insured workers' compensation program administered by Creative Risk Funding, Inc. (the "Association"). The Association is a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The main purpose of the Association is to partially self-insure certain workers compensation risks up to a agreed upon retention limit. The plan for workers' compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of the workers' compensation self-insurance plan includes \$12,215 incurred but not reported claims and a loss-limit of \$12,215. Costs are allocated to other funds and the retained earnings are fully reserved for self-funded insurance. Estimates of claims payable and of claims incurred, but not reported at August 31, 2024, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the fund as they become due.

#### Unemployment Compensation

During the year ended June 30, 2024, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the unemployment compensation pool. For the year ended June 30, 2024, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

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

### **S. GENERAL FUND FEDERAL SOURCE REVENUES**

Revenues from federal sources, which are reported in the General Fund, consist of:

Program or Service	Federal Assistance Listing #	Amount
School health and related services	N/A	<u>\$ 411</u>

### **T. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 21, 2024; the date which the financial statements were available for distribution. There were none noted.

### **U. TAX ABATEMENTS**

On April 16, 2018, the District's Board of Trustees approved an Agreement with Mesquite Star Special, LLC (the "Applicant") for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Each company qualified for a tax limitation agreement under Texas Tax Code §313.024(b)(5), as renewable energy projects.

Value limitation agreements are a part of a state program, originally created in 2001, which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in the statute. The project(s) under the Chapter 313 Agreement(s) must be consistent with the State's goal to "encourage large scale capital investments in this state." Chapter 313 of the Texas Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each Applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the Application's approval, the Agreements were deemed to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The Applications, the Agreements, and state reporting requirement documentation can be viewed at the Texas Comptroller's website:

<https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>

After approval, each Applicant company must maintain a viable presence in the District for the entire period of the value limitation, plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that an entity terminates the Agreement without the consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of the Agreement or to meet any material obligation under the Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of the Agreement together with the payment of penalty and interest on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01 (a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01 (c), or its successor statute. The Agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local state district court.

As of the date of the audit report, the Applicant company is in full compliance with all of their obligations under law and the individual Agreement.

The following is a table related to the net benefit of the project to the District but does not include any (if applicable) interest and sinking impact.

Project:		Mesquite Star Special, LLC (Application #1223)				
First Year Value Limitation:		2021 tax year				
Tax Year 2023 (Fiscal Year 2023-2024)						
(A) Project Value	(B) Project's Value Limitation Amount	(C) Amount of Applicant's M&O Taxes Paid	(D) Amount of Applicant's M&O Taxes Reduced	(E) Company Revenue Loss Payment to School District	(F) Company Supplemental Payment to School District	(G) Net Benefit (Loss) to the School District (C+E+F)
\$ 120,764,110	\$ 30,000,000	\$ 247,891	\$ 749,983	\$ 0	\$ 61,400	\$ 309,291





*REQUIRED SUPPLEMENTARY INFORMATION*



ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 3,621,900	\$ 4,397,409	\$ 4,716,827	\$ 319,418
5800	State Program Revenues	51,904,609	111,164,579	98,455,424	(12,709,155)
5900	Federal Program Revenues	500	500	41	(459)
5020	Total Revenues	55,527,009	115,562,488	103,172,292	(12,390,196)
EXPENDITURES:					
Current:					
0011	Instruction	50,386,574	84,490,574	92,561,908	(8,071,334)
0012	Instructional Resources and Media Services	50,090	50,090	38,285	11,805
0013	Curriculum and Instructional Staff Development	55,552	164,052	62,352	101,700
0021	Instructional Leadership	820,582	1,070,582	727,148	343,434
0023	School Leadership	485,800	485,800	429,320	56,480
0031	Guidance, Counseling, and Evaluation Services	183,962	183,962	138,617	45,345
0033	Health Services	57,033	57,033	43,964	13,069
0034	Student (Pupil) Transportation	255,279	407,279	408,161	(882)
0036	Extracurricular Activities	447,337	513,837	521,791	(7,954)
0041	General Administration	505,142	598,142	614,433	(16,291)
0051	Facilities Maintenance and Operations	1,183,933	1,313,933	1,324,170	(10,237)
0052	Security and Monitoring Services	50,000	60,000	48,156	11,844
0053	Data Processing Services	333,303	333,303	333,556	(253)
Debt Service:					
0071	Principal on Long-Term Liabilities	463,051	476,551	382,526	94,025
0072	Interest on Long-Term Liabilities	52,778	52,778	42,363	10,415
0073	Bond Issuance Cost and Fees	1,000	1,000	500	500
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	400,000	379,960	20,040
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	118,093	616,093	603,662	12,431
0099	Other Intergovernmental Charges	77,500	110,000	97,462	12,538
6030	Total Expenditures	55,527,009	91,385,009	98,758,334	(7,373,325)
1200	Net Change in Fund Balances	-	24,177,479	4,413,958	(19,763,521)
0100	Fund Balance - July 1 (Beginning)	16,177,539	16,177,539	16,177,539	-
3000	Fund Balance - June 30 (Ending)	\$ 16,177,539	\$ 40,355,018	\$ 20,591,497	\$ (19,763,521)

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

	Measurement Year Ended August 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.0037639794%	0.0036359107%	0.0032521590%	0.0035680568%	0.0036431888%	0.0032267487%	0.0033158130%	0.0033884930%	0.0031674000%	0.0020303000%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,585,491	\$ 2,158,547	\$ 828,210	\$ 1,910,978	\$ 1,893,843	\$ 1,776,081	\$ 1,060,218	\$ 1,280,461	\$ 1,119,634	\$ 542,321
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	3,869,255	3,981,876	1,843,151	3,734,936	2,962,695	3,112,384	1,795,496	1,970,390	1,799,167	1,535,235
<b>Total</b>	<b>\$ 6,454,746</b>	<b>\$ 6,140,423</b>	<b>\$ 2,671,361</b>	<b>\$ 5,645,914</b>	<b>\$ 4,856,538</b>	<b>\$ 4,888,465</b>	<b>\$ 2,855,714</b>	<b>\$ 3,250,851</b>	<b>\$ 2,918,801</b>	<b>\$ 2,077,556</b>
District's Covered Payroll	\$ 4,887,443	\$ 5,226,912	\$ 4,928,575	\$ 4,755,893	\$ 4,653,595	\$ 3,902,452	\$ 3,442,977	\$ 3,424,929	\$ 3,634,290	\$ 2,625,229
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	52.90%	41.30%	16.80%	40.18%	40.70%	45.51%	30.79%	37.39%	30.81%	20.66%
Plan Fiduciary Net Position as a % of Total Pension Liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED JUNE 30, 2024

	Fiscal Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 199,319	\$ 190,363	\$ 166,442	\$ 134,091	\$ 127,516	\$ 108,701	\$ 83,903	\$ 85,281	\$ 76,669	\$ 51,473
Contribution in Relation to Contractually Required Contribution	(199,319)	(190,363)	(166,442)	(134,091)	(127,516)	(108,701)	(83,903)	(85,281)	(76,669)	(51,473)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 5,254,263	\$ 4,969,555	\$ 5,221,359	\$ 4,824,869	\$ 4,653,595	\$ 3,902,452	\$ 3,442,977	\$ 3,424,929	\$ 3,634,290	\$ 2,625,229
Contributions as a % of Covered Payroll	3.79%	3.83%	3.19%	2.78%	2.74%	2.79%	2.44%	2.49%	2.11%	1.96%

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED JUNE 30, 2024

	Measurement Year Ended August 31,						
	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability (Asset)	0.0065797881%	0.0057323341%	0.0054889288%	0.0063121829%	0.0057670371%	0.0056250783%	0.0059488235%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,456,654	\$ 1,372,550	\$ 2,117,325	\$ 2,399,546	\$ 2,727,301	\$ 2,808,653	\$ 2,586,920
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	1,757,676	1,674,296	2,836,744	3,224,414	3,623,975	3,175,943	2,815,098
Total	<u>\$ 3,214,330</u>	<u>\$ 3,046,846</u>	<u>\$ 4,954,069</u>	<u>\$ 5,623,960</u>	<u>\$ 6,351,276</u>	<u>\$ 5,984,596</u>	<u>\$ 5,402,018</u>
District's Covered Payroll	\$ 4,887,443	\$ 5,226,912	\$ 4,928,575	\$ 4,755,893	\$ 4,653,595	\$ 3,902,452	\$ 3,442,977
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	29.80%	26.26%	42.96%	50.45%	58.61%	71.97%	75.14%
Plan Fiduciary Net Position as a % of Total OPEB Liability	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

Note: Only seven years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED JUNE 30, 2024

	Fiscal Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution	\$ 57,658	\$ 58,229	\$ 46,253	\$ 42,554	\$ 40,930	\$ 38,805	\$ 30,928
Contribution in Relation to Contractually Required Contribution	(57,658)	(58,229)	(46,253)	(42,554)	(40,930)	(38,805)	(30,928)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 5,254,263	\$ 4,969,555	\$ 5,221,359	\$ 4,824,869	\$ 4,653,595	\$ 3,902,452	\$ 3,442,977
Contributions as a % of Covered Payroll	1.10%	1.17%	0.89%	0.88%	0.88%	0.99%	0.90%

Note: Only seven years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

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

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level.

Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

*Changes of benefit terms.*

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

*Changes of assumptions.*

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Other Post-Employment Benefit Plan

*Changes of benefit terms.*

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

*Changes of assumptions.*

See Footnote J page 35 for changes in assumptions that affected measurement of the total OPEB liability during the measurement period.



## *COMBINING SCHEDULES*

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2024

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	279 ESSER III TCLAS ARP Act
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 338,912	\$ 210,603	\$ -	\$ 7,776
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Due from Other Governments	32,072	92	-	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 370,984</u>	<u>\$ 210,695</u>	<u>\$ -</u>	<u>\$ 7,776</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 350,025	\$ 115	\$ -	\$ -
2160	Accrued Wages Payable	19,063	-	-	6,961
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	1,896	-	-	815
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>370,984</u>	<u>115</u>	<u>-</u>	<u>7,776</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	210,580	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>210,580</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 370,984</u>	<u>\$ 210,695</u>	<u>\$ -</u>	<u>\$ 7,776</u>

281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds
\$ 2,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,056	\$ 9,797
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	201,771	-	-	4,065	-	-	-
-	-	-	-	-	-	715	-
<u>\$ 2,649</u>	<u>\$ 201,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,065</u>	<u>\$ -</u>	<u>\$ 74,771</u>	<u>\$ 9,797</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,322	13,088	-	-	-	-	-	-
-	186,602	-	-	4,065	-	-	-
327	2,081	-	-	-	-	-	-
-	-	-	-	-	-	-	9,797
<u>2,649</u>	<u>201,771</u>	<u>-</u>	<u>-</u>	<u>4,065</u>	<u>-</u>	<u>-</u>	<u>9,797</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	74,771	-
-	-	-	-	-	-	74,771	-
<u>\$ 2,649</u>	<u>\$ 201,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,065</u>	<u>\$ -</u>	<u>\$ 74,771</u>	<u>\$ 9,797</u>



ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2024

Data Control Codes		Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 643,793	\$ 1,630,406	\$ 2,274,199
1220	Property Taxes - Delinquent	-	8,809	8,809
1230	Allowance for Uncollectible Taxes	-	(2,825)	(2,825)
1240	Due from Other Governments	238,000	11,132	249,132
1260	Due from Other Funds	715	-	715
1000	Total Assets	<u>\$ 882,508</u>	<u>\$ 1,647,522</u>	<u>\$ 2,530,030</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ 350,140	\$ -	\$ 350,140
2160	Accrued Wages Payable	41,434	-	41,434
2170	Due to Other Funds	190,667	-	190,667
2200	Accrued Expenditures	5,119	-	5,119
2300	Unearned Revenue	9,797	-	9,797
2000	Total Liabilities	<u>597,157</u>	<u>-</u>	<u>597,157</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable Revenue - Property Taxes	-	5,984	5,984
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>5,984</u>	<u>5,984</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	210,580	-	210,580
3480	Retirement of Long-Term Debt	-	1,641,538	1,641,538
Assigned Fund Balance:				
3590	Other Assigned Fund Balance	74,771	-	74,771
3000	Total Fund Balances	<u>285,351</u>	<u>1,641,538</u>	<u>1,926,889</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 882,508</u>	<u>\$ 1,647,522</u>	<u>\$ 2,530,030</u>

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	279 ESSER III TCLAS ARP Act
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ 60,580	\$ -	\$ -
5800	State Program Revenues	-	1,384	-	-
5900	Federal Program Revenues	980,197	201,518	2,000	102,000
5020	Total Revenues	980,197	263,482	2,000	102,000
EXPENDITURES:					
Current:					
0011	Instruction	980,197	-	2,000	102,000
0031	Guidance, Counseling, and Evaluation Services	-	-	-	-
0035	Food Services	-	270,316	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
Debt Service:					
0071	Principal on Long-Term Liabilities	-	-	-	-
0072	Interest on Long-Term Liabilities	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	980,197	270,316	2,000	102,000
1200	Net Change in Fund Balance	-	(6,834)	-	-
0100	Fund Balance - July 1 (Beginning)	-	217,414	-	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 210,580	\$ -	\$ -

281 ESSER II CRRSA Act Supplemental	282 ESSER III ARP Act	289 Other Federal Special Revenue Funds	410 State Instructional Materials	429 Other State Special Revenue Funds	459 Other SSA Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,537	\$ -
-	-	-	54,355	153,435	14,681	-	959
83,966	360,908	5,349	-	-	-	-	-
83,966	360,908	5,349	54,355	153,435	14,681	54,537	959
83,966	310,001	5,349	54,355	1,000	14,681	-	959
-	27,156	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	42,942	-
-	23,751	-	-	9,815	-	-	-
-	-	-	-	142,620	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
83,966	360,908	5,349	54,355	153,435	14,681	42,942	959
-	-	-	-	-	-	11,595	-
-	-	-	-	-	-	63,176	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,771	\$ -





ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 115,117	\$ 353,361	\$ 468,478
5800 State Program Revenues	224,814	225,905	450,719
5900 Federal Program Revenues	1,735,938	-	1,735,938
5020 Total Revenues	2,075,869	579,266	2,655,135
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	1,554,508	-	1,554,508
0031 Guidance, Counseling, and Evaluation Services	27,156	-	27,156
0035 Food Services	270,316	-	270,316
0036 Extracurricular Activities	42,942	-	42,942
0051 Facilities Maintenance and Operations	33,566	-	33,566
0052 Security and Monitoring Services	142,620	-	142,620
Debt Service:			
0071 Principal on Long-Term Liabilities	-	200,000	200,000
0072 Interest on Long-Term Liabilities	-	63,800	63,800
0073 Bond Issuance Cost and Fees	-	4,000	4,000
6030 Total Expenditures	2,071,108	267,800	2,338,908
1200 Net Change in Fund Balance	4,761	311,466	316,227
0100 Fund Balance - July 1 (Beginning)	280,590	1,330,072	1,610,662
3000 Fund Balance - June 30 (Ending)	\$ 285,351	\$ 1,641,538	\$ 1,926,889



*REQUIRED TEA SCHEDULES*

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

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2015 and prior years	Various	Various	\$ Various
2016	1.170000	0.230000	145,528,070
2017	1.170000	0.230000	164,689,541
2018	1.170000	0.230000	176,511,627
2019	1.170000	0.230000	325,819,174
2020	1.068400	0.251600	301,503,405
2021	1.054700	0.345300	319,452,376
2022	0.999100	0.246690	347,949,581
2023	0.942900	0.050740	384,385,148
2024 (School year under audit)	0.826300	0.062490	374,789,464
1000 TOTALS			

8000 Total Taxes Refunded Under Section 26.1115, Tax Code

\$466,730,454 is the assessed valuation for interest and sinking fund purposes.  
 The assessed valuation for maintenance and operations was limited pursuant to  
 Chapter 313 of the Property Tax Code for Windfarm Properties.

(10) Beginning Balance 7/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2024	(99) Taxes Refunded Under Section 26.1115c
\$ 44,109	\$ -	\$ -	\$ -	\$ (1,367)	\$ 42,742	
2,593	-	-	-	-	2,593	
2,906	-	-	-	-	2,906	
2,031	-	-	-	-	2,031	
3,484	-	-	-	-	3,484	
3,919	-	628	148	-	3,143	
6,348	-	1,719	563	-	4,066	
8,196	-	2,541	627	-	5,028	
32,960	-	17,561	959	(43)	14,397	
-	3,388,564	3,059,284	288,835	-	40,445	
<u>\$ 106,546</u>	<u>\$ 3,388,564</u>	<u>\$ 3,081,733</u>	<u>\$ 291,132</u>	<u>\$ (1,410)</u>	<u>\$ 120,835</u>	
						<u>\$ 2,525</u>

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 64,700	\$ 64,700	\$ 60,580	\$ (4,120)
5800 State Program Revenues	1,000	1,000	1,384	384
5900 Federal Program Revenues	250,774	250,774	201,518	(49,256)
5020 Total Revenues	316,474	316,474	263,482	(52,992)
EXPENDITURES:				
Current:				
0035 Food Services	321,474	412,344	270,316	142,028
6030 Total Expenditures	321,474	412,344	270,316	142,028
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(95,870)	(6,834)	89,036
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	5,000	5,000	-	(5,000)
1200 Net Change in Fund Balances	-	(90,870)	(6,834)	84,036
0100 Fund Balance - July 1 (Beginning)	217,414	217,414	217,414	-
3000 Fund Balance - June 30 (Ending)	\$ 217,414	\$ 126,544	\$ 210,580	\$ 84,036

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2024

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 261,900	\$ 261,900	\$ 353,361	\$ 91,461
5800	State Program Revenues	7,000	7,000	225,905	218,905
5020	Total Revenues	268,900	268,900	579,266	310,366
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Liabilities	200,000	200,000	200,000	-
0072	Interest on Long-Term Liabilities	63,800	63,800	63,800	-
0073	Bond Issuance Cost and Fees	5,100	5,100	4,000	1,100
6030	Total Expenditures	268,900	268,900	267,800	1,100
1200	Net Change in Fund Balances	-	-	311,466	311,466
0100	Fund Balance - July 1 (Beginning)	1,330,072	1,330,072	1,330,072	-
3000	Fund Balance - June 30 (Ending)	\$ 1,330,072	\$ 1,330,072	\$ 1,641,538	\$ 311,466

ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2024

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**Section A: Compensatory Education Programs**

AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	8785196
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	7756893

**Section B: Bilingual Education Programs**

AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	429410
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	359048



*OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION*



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

Board of Trustees  
Roscoe Collegiate Independent School District  
P.O. Box 579  
Roscoe, Texas 79545

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Roscoe Collegiate Independent School District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated November 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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 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.

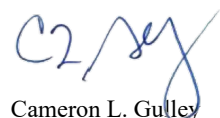
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* listed as item 2021-1 on the accompanying Schedule of Findings and Questioned Costs.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Cameron L. Gulley  
Certified Public Accountant  
Eastland, Texas

November 21, 2024



ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2024

Finding	Statement of Condition	Material Weakness?	Questioned Costs
2021-1	<p><u>State Compliance - Excess Expenditures Over Appropriations</u></p> <p>The District failed to identify functional categories within its General Fund when expenditures exceeded the amended budget.</p> <p><u>Status:</u></p> <p>The District again exceeded its final amended budget for the current year under audit. See continuation finding 2021-1 on the accompanying Schedule of Findings and Questioned Costs.</p>	No	None



ROSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED JUNE 30, 2024*

I. Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:

Material weakness(es) identified? No.

Significant deficiency(ies) identified that are not considered to be material weaknesses? No.

Noncompliance material to financial statements noted? No.

B. Federal Awards

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

Internal control over major programs:

Material weakness(es) identified? No.

Significant deficiency(ies) identified that are not considered to be material weaknesses? No.

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? No.

Major programs are as follows:

84.010A - ESSA Title I, Part A - Improving Basic Programs \$ 980,197

Threshold used to distinguish between type A and type B programs: \$ 750,000.

Auditee qualified as low-risk auditee? Yes.

II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2021-1 State Compliance - Excess Expenditures Over Appropriations (continuation finding)

Criteria In accordance with Texas Education Code §44.006, expenditures from governmental fund types cannot be made without authority of appropriation.

Statement of Condition The District failed to identify functional categories within its General Fund when expenditures exceeded the amended budget. Following are the net variances for each of the affected functional category which exceeded the budget by more than \$2,500:

Functional Category	Final Amended Budget	Actual Expenditure	Budget Variance
0011 - Instruction	\$ 84,490,574	\$ 92,561,908	\$ (8,071,334)
0036 - Extracurricular activities	\$ 513,837	\$ 521,791	\$ (7,954)
0041 - General administration	\$ 598,142	\$ 614,433	\$ (16,291)
0051 - Facilities maintenance and operations	\$ 1,313,933	\$ 1,324,170	\$ (10,237)

Questioned Costs None.

*Cause and Effect* The District entered into a virtual school learning cooperative contract in October, 2023. The contract called for an educational instructional partnership with the District and K12 Virtual Schools LLC (“K12”) whereby the District received 100% of the state foundation allotment attributable to the virtual school students and K12 performed the educational support to the online students resulting in fees paid to K12 from the District of approximately \$93 million for more than 8,700 additional students instructed in the District by K12.

Budget amendments prepared and proposed were acted on to account for the additional revenue and related flow-thru costs by the District. However, the amounts actually earned exceeded the estimate and budget amendments resulting in the overages reflected above.

*Recommendations* The District should review its business services procedures and analyses of account transactions and balances. Budget amendments should be considered and proposed to the board of trustees whenever it is projected that actual expenditures will be more than currently budgeted. A standing agenda item for budget amendments should be incorporated into the District’s board meeting agenda template to allow flexibility of the District to approve budget amendments, as needed, throughout the course of the fiscal year.

### III. Findings and Questioned Costs for Federal Awards

None.



# **R**OSCOE COLLEGIATE INDEPENDENT SCHOOL DISTRICT

P.O. BOX 579, Roscoe, Texas 79545 325/766-3629 FAX 325/766-3138  
[www.roscoe.esc14.net](http://www.roscoe.esc14.net)

## **CORRECTIVE ACTION PLAN**

2021-1 We will review our business services procedures and analyses of account transactions and balances. Budget amendments will be considered and proposed to the board of trustees whenever it is projected that actual expenditures will be more than currently budgeted and before the actual expenditure of funds. A standing agenda item for budget amendments will also be incorporated into the board meeting agenda template to allow the flexibility to approve budget amendments, as needed, throughout the course of the fiscal year.

Contact representative: Sabrina Bishop, business manager  
P.O. Box 579  
Roscoe, Texas 79545  
(325) 766-3629

Expected implementation date: Immediately





*FEDERAL AWARDS SECTION*



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Roscoe Collegiate Independent School District  
P.O. Box 579  
Roscoe, Texas 79545

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

I have audited Roscoe Collegiate Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the District 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***

I conducted my audit of compliance in accordance with auditing 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My 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***

My 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 my 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, I:

- 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 I 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.

I am 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 I 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.

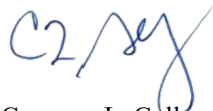
My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

I have audited the financial statements of the District as of and for the year ended June 30, 2024, and have issued my report thereon dated November 21, 2024, which contained an unmodified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Cameron L. Gulley  
Certified Public Accountant  
Eastland, Texas

November 21, 2024

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

EXHIBIT H-1

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing #	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through Texas Department of Agriculture:			
School Breakfast Program *	10.553	246TX332N1099	\$ 47,143
National School Lunch Program - cash assistance *	10.555	246TX332N1199	130,917
National School Lunch Program - noncash assistance *	10.555	N/A	20,429
National School Lunch Program - supply chain assistance grant *	10.555	236TX400N8903	2,548
Total FAL #10.555			<u>153,894</u>
State Administrative Expenses Reimbursement (commodity fees)	10.560	246TX333N1050	481
Total Passed Through Texas Department of Agriculture			<u>201,518</u>
Total U.S. Department of Agriculture			<u>201,518</u>
<u>U.S. Department of Education</u>			
Passed Through Texas Education Agency:			
ESSA Title I Part A - Improving Basic Programs	84.010A	24610101177901	980,197
COVID-19 - Elementary and Secondary School Emergency Relief Fund - CRRSA Act	84.425D	21521001177901	83,966
COVID-19 - Elementary and Secondary School Emergency Relief Fund - American Rescue Plan	84.425U	21528001177901	360,908
COVID-19 - Elementary and Secondary School Emergency Relief Fund - ESSER III TCLAS	84.425U	21528042177901	102,000
Total FAL #84.425			<u>546,874</u>
Total Passed Through Texas Education Agency			<u>1,527,071</u>
Passed Through Education Service Center Region 14:			
ESSA Title II, Part A - Teacher and Principal Training and Recruiting	84.367	23694501221950	5,349
Career and Technical Education - Basic Grant	84.048A	V048A230043	2,000
Total Passed Through Education Service Center Region 14			<u>7,349</u>
Total U.S. Department of Education			<u>1,534,420</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,735,938</u>

\* Clustered programs

The accompanying notes are an integral part of this statement.

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

1. For all federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund.
2. The accompanying schedule of expenditures of federal awards included the federal grant activity of the District and is presented on the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (both measurable and available) and expenditures in the accounting period in which the fund liability is incurred (if measurable) except for unmatured interest on General Long-Term Debt (which is recognized when due) and certain compensated absences and claims and judgments (which are recognized when the obligations are expected to be liquidated with expendable available financial resources).  
  
Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.
3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 120 days beyond the federal project period ending date, in accordance with Section H, Period of Performance, 2 CFR Section 200.344(b).
4. Non-monetary assistance received from the Commodity Supplemental Food Program is recorded in fair market value of the commodities received and disbursed. The revenue and expenditures are reported in the Child Nutrition Special Revenue Fund using the CFDA numbers of the programs under which the USDA donated the commodities.
5. The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.
6. A reconciliation of federal program revenues and expenditures is as follows:

Total federal revenues per Exhibit C-3	\$ 1,735,979
Less: non-federal SHARS reimbursements	(41)
Total federal expenditures per Exhibit K-1	<u>\$ 1,735,938</u>